SOCIETE GENERALE

12.31.2014 CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited figures)

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ASSETS

(In millions of euros)		31 December 2014	31 December 2013*
Cash, due from central banks	Note 5	57,065	66,598
Financial assets at fair value through profit or loss	Note 6	530,536	479,112
Hedging derivatives	Note 7	19,448	11,474
Available-for-sale financial assets	Note 8	143,722	130,232
Due from banks	Note 9	80,709	75,420
Customer loans	Note 10	344,368	332,651
Lease financing and similar agreements	Note 11	25,999	27,741
Revaluation differences on portfolios hedged against interest rate risk		3,360	3,047
Held-to-maturity financial assets	Note 12	4,368	989
Tax assets	Note 13	7,447	7,307
Other assets	Note 14	65,238	54,118
Non-current assets held for sale		866	116
Investments accounted for using the equity method		2,796	2,829
Tangible and intangible fixed assets	Note 15	17,917	17,591
Goodwill	Note 16	4,331	4,968
Total		**1,308,170**	**1,214,193**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

Consolidated balance sheet (continued)

LIABILITIES

(In millions of euros)		31 December 2014	31 December 2013*
Due to central banks		4,607	3,566
Financial liabilities at fair value through profit or loss	Note 6	480,330	425,783
Hedging derivatives	Note 7	10,902	9,815
Due to banks	Note 17	91,290	86,789
Customer deposits	Note 18	349,735	334,172
Debt securities issued	Note 19	108,658	138,398
Revaluation differences on portfolios hedged against interest rate risk		10,166	3,706
Tax liabilities	Note 13	1,416	1,613
Other liabilities	Note 20	75,124	53,525
Non-current liabilities held for sale		505	4
Underwriting reserves of insurance companies	Note 32	103,298	91,538
Provisions	Note 22	4,492	3,807
Subordinated debt	Note 24	8,834	7,507
Total liabilities		**1,249,357**	**1,160,223**
SHAREHOLDERS' EQUITY			
Shareholders' equity, Group share			
Issued common stocks, equity instruments and capital reserves		29,486	27,381
Retained earnings		22,463	21,927
Net income		2,692	2,044
Sub-total		**54,641**	**51,352**
Unrealised or deferred capital gains and losses		527	(475)
Sub-total equity, Group share		**55,168**	**50,877**
Non-controlling interests		3,645	3,093
Total equity		**58,813**	**53,970**
Total		**1,308,170**	**1,214,193**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

Consolidated income statement

(In millions of euros)		2014	2013*
Interest and similar income	Note 33	24,532	27,024
Interest and similar expense	Note 33	(14,533)	(16,996)
Dividend income		432	461
Fee income	Note 34	9,159	8,347
Fee expense	Note 34	(2,684)	(2,107)
Net gains and losses on financial transactions		4,787	4,036
o/w net gains and losses on financial instruments at fair value through profit or loss	*Note 35*	*4,481*	*3,754*
o/w net gains and losses on available-for-sale financial assets	*Note 36*	*306*	*282*
Income from other activities	Note 37	50,219	58,146
Expenses from other activities	Note 37	(48,351)	(56,478)
Net banking income		**23,561**	**22,433**
Personnel expenses	Note 38	(9,049)	(9,019)
Other operating expenses		(6,060)	(6,121)
Amortisation, depreciation and impairment of tangible and intangible fixed assets		(907)	(906)
Gross operating income		**7,545**	**6,387**
Cost of risk	Note 40	(2,967)	(4,050)
Operating income		**4,578**	**2,337**
Net income from investments accounted for using the equity method	Note 44	213	61
Net income/expense from other assets		109	574
Impairment losses on goodwill	Note 16	(525)	(50)
Earnings before tax		**4,375**	**2,922**
Income tax	Note 41	(1,384)	(528)
Consolidated net income		**2,991**	**2,394**
Non-controlling interests		299	350
Net income, Group share		**2,692**	**2,044**
Earnings per ordinary share	Note 42	**2.92**	**2.23**
Diluted earnings per ordinary share	Note 42	**2.91**	**2.23**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

Statement of net income and unrealised or deferred gains and losses

(In millions of euros)	2014	2013*
Net income	**2,991**	**2,394**
Unrealised or deferred gains and losses that will be reclassified subsequently into income	**1,058**	**(1,028)**
Translation differences[(1)]	402	(962)
Available-for-sale financial assets	636	(104)
Revaluation differences	*1,074*	*101*
Reclassified into income	*(438)*	*(205)*
Hedge derivatives	164	6
Revaluation differences	*39*	*11*
Reclassified into income	*125*	*(5)*
Unrealised gains and losses accounted for using the equity method and that will be reclassified subsequently into income	135	30
Tax on items that will be reclassified subsequently into income	(279)	2
Unrealised or deferred gains and losses that will not be reclassified subsequently into income	**(235)**	**141**
Actuarial gains and losses on post-employment defined benefits plans	(344)	211
Unrealised gains and losses accounted for using the equity method and that will not be reclassified subsequently into income	(2)	-
Tax on items that will not be reclassified subsequently into income	111	(70)
Total unrealised or deferred gains and losses	**823**	**(887)**
Net income and unrealised or deferred gains and losses	**3,814**	**1,507**
o/w Group share	*3,463*	*1,332*
o/w non-controlling interests	*351*	*175*

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(1) The variation in translation differences amounted to EUR 402 million and consists of:
- EUR 382 million in Group translation differences, mainly due to the appreciation against the Euro of the US dollar (EUR 802 million), the pound sterling (EUR 60 million) and the yuan (EUR 59 million), partially offset by the appreciation of the Euro against the Russian rouble (EUR -459 million) and the purchase of non-controlling interests in Rosbank (EUR -39 million)
- EUR 20 million in translation differences attributable to non-controlling interests, mainly due to the purchase of non-controlling interests in Rosbank (EUR 39 million).

Changes in shareholders' equity

	Capital and associated reserves					
(In millions of euros)	Issued common stocks	Issuing premium and capital reserves	Elimination of treasury stock	Other equity instruments	Total	Retained earnings
Shareholders' equity as at 1 January 2013	**975**	**19,411**	**(971)**	**6,781**	**26,196**	**22,706**
Increase in common stock	23	391			414	(1)
Elimination of treasury stock			332		332	(222)
Issuance of equity instruments				294	294	91
Equity component of share-based payment plans		145			145	
2013 Dividends paid					-	(833)
Effect of acquisitions and disposals on non-controlling interests					-	51
Sub-total of changes linked to relations with shareholders	***23***	***536***	***332***	***294***	***1,185***	***(914)***
Unrealised or deferred gains and losses[1]					-	147
Other changes					-	(12)
2013 Net income for the period[1]					-	
Sub-total	**-**	**-**	**-**	**-**	**-**	***135***
Change in equity of associates and joint ventures accounted for using the equity method					-	
Shareholders' equity as at 31 December 2013[1]	**998**	**19,947**	**(639)**	**7,075**	**27,381**	**21,927**
Appropriation of net income[1]						2,044
Shareholders' equity as at 1 January 2014	**998**	**19,947**	**(639)**	**7,075**	**27,381**	**23,971**
Increase in common stock (see Note 26)	9	179			188	(2)
Elimination of treasury stock[2]			(92)		(92)	(55)
Issuance of equity instruments (see Note 26)				1,994	1,994	205
Equity component of share-based payment plans[3]		15			15	
2014 Dividends paid (see Note 26)					-	(1,355)
Effect of acquisitions and disposals on non-controlling interests[4][5]					-	(94)
Sub-total of changes linked to relations with shareholders	***9***	***194***	***(92)***	***1,994***	***2,105***	***(1,301)***
Unrealised or deferred gains and losses					-	(230)
Other changes					-	24
2014 Net income for the period					-	
Sub-total	**-**	**-**	**-**	**-**	**-**	***(206)***
Change in equity of associates and joint ventures accounted for using the equity method					-	(1)
Shareholders' equity as at 31 December 2014	**1,007**	**20,141**	**(731)**	**9,069**	**29,486**	**22,463**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(2) As at 31 December 2014, the Group held 26,491,481 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 3.29% of the capital of Societe Generale S.A.

The amount deducted by the Group from its net book value for equity instruments (shares and derivatives) came to EUR 731 million, including EUR 220 million in shares held for trading purposes and EUR 14 million in respect of the liquidity contract.

On 22 August 2011, the Group implemented a EUR 170 million liquidity contract in response to the market volatility of its stock price.

As at 31 December 2014, this liquidity contract contained : 400,000 shares and EUR 178 million.

(In millions of euros)	Liquidity contract	Transaction-related activities	Treasury stock and active management of Shareholders' equity	Total
Disposals net of purchases	(14)	(155)	77	(92)
Capital gains net of tax on treasury stock and treasury share derivatives, booked under shareholders' equity	(2)	1	(54)	(55)

(3) Share-based payments settled in equity instruments in 2014 amounted to EUR 15 million:
- EUR -44 million relative to the adjustment of the 2013 expense for the Global Employee Share Ownership Plan;
- EUR 57 million for free share plans;
- EUR 2 million for payments in ordinary shares.

	Unrealised or deferred gains and losses (net of tax)					Non-controlling interests				
	That will be reclassified subsequently into income									
Net income, Group Share	Translation reserves(6)	Change in fair value of assets available-for-sale	Change in fair value of hedging derivatives	Total	Shareholders' equity, Group share	Capital and Reserves	Preferred shares issued by subsidiaries	Unrealised or deferred gains and losses	Total	Total consolidated shareholders' equity
	(296)	**634**	**39**	**377**	**49,279**	**3,665**	**420**	**187**	**4,272**	**53,551**
				-	413				-	413
				-	110				-	110
				-	385		(420)		(420)	(35)
				-	145				-	145
				-	(833)	(214)			(214)	(1,047)
				-	51	(669)			(669)	(618)
				-	***271***	***(883)***	***(420)***	***-***	***(1,303)***	***(1,032)***
	(843)	(19)	(21)	(883)	(736)	(1)		(176)	(177)	(913)
				-	(12)	(49)			(49)	(61)
2,044				-	2,044	350			350	2,394
2,044	***(843)***	***(19)***	***(21)***	***(883)***	***1,296***	***300***	***-***	***(176)***	***124***	***1,420***
		(6)	37	31	31				-	31
2,044	**(1,139)**	**609**	**55**	**(475)**	**50,877**	**3,082**	**-**	**11**	**3,093**	**53,970**
(2,044)					-				**-**	**-**
-	**(1,139)**	**609**	**55**	**(475)**	**50,877**	**3,082**	**-**	**11**	**3,093**	**53,970**
				-	186				-	**186**
				-	(147)				-	(147)
				-	2,199		800		800	2,999
				-	15	-			-	15
				-	(1,355)	(182)			(182)	(1,537)
				-	(94)	(357)			(357)	(451)
	-	***-***	***-***	***-***	***804***	***(539)***	***800***	***-***	***261***	***1,065***
	382	335	178	895	665	(4)		56	52	717
					24	(60)			(60)	(36)
2,692					2,692	299			299	2,991
2,692	***382***	***335***	***178***	***895***	***3,381***	***235***	***-***	***56***	***291***	***3,672***
		83	24	107	106				-	**106**
2,692	**(757)**	**1,027**	**257**	**527**	**55,168**	**2,778**	**800**	**67**	**3,645**	**58,813**

(4) Impact on the shareholder's equity, Group share, regarding transactions related to non-controlling interests:

Buybacks of non-controlling interests not subject to any put options	(101)
Transactions and variations in value on put options granted to non-controlling shareholders	1
Net income attributable to the non-controlling interests of shareholders holding a put option on their Group shares allocated to consolidated reserves	6
TOTAL	**(94)**

(5) The EUR -357 million impact of purchases and disposals on non-controlling interests can notably be attributed to:

- EUR -388 million relating to the purchase of non controlling interests including Rosbank for -240 M EUR, Boursorama for -125 M EUR et Nuger for -24 M EUR
- EUR 31 million capital increase relating to International Union Bank (UIB)

(6) As at 31 December 2014, the main currencies contributing to translation reserves recorded in gains and losses recognized directly in Shareholders' equity Group share are Ruble (RUB) for EUR -964 million and US dollar (USD) for EUR 521 million.

Cash flow statement

(In millions of euros)	2014	2013*
Net income (I)	**2,991**	**2,394**
Amortisation expense on tangible fixed assets and intangible assets (include operational leasing)	3,421	3,344
Depreciation and net allocation to provisions	6,247	5,440
Net income/loss from investments accounted for using the equity method	(213)	(61)
Change in deferred taxes	192	(662)
Net income from the sale of long-term available-for-sale assets and subsidiaries	(317)	(621)
Change in deferred income	(147)	(93)
Change in prepaid expenses	(20)	(57)
Change in accrued income	903	149
Change in accrued expenses	(701)	(281)
Other changes	3,751	4,473
Non-monetary items included in net income and others adjustments not including income on financial instruments at fair value through Profit or Loss (II)	**13,116**	**11,631**
Income on financial instruments at fair value through Profit or Loss[1]	(4,481)	(3,754)
Interbank transactions	7,856	(37,121)
Customers transactions	(5,805)	21,824
Transactions related to other financial assets and liabilities	(25,982)	9,756
Transactions related to other non financial assets and liabilities	(1,280)	(2,122)
Net increase/decrease in cash related to operating assets and liabilities (III)	**(29,692)**	**(11,417)**
NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES (A) = (I) + (II) + (III)	**(13,585)**	**2,608**
Net cash inflow (outflow) related to acquisition and disposal of financial assets and long-term investments	4,133	766
Net cash inflow (outflow) related to tangible and intangible fixed assets	(3,407)	(3,823)
NET CASH INFLOW (OUTFLOW) RELATED TO INVESTMENT ACTIVITIES (B)	**726**	**(3,057)**
Cash flow from/to shareholders	1,501	(559)
Other net cash flows arising from financing activities	1,175	27
NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES (C)	**2,676**	**(532)**
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	**(10,183)**	**(981)**

Net balance of cash accounts and accounts with central banks	63,032	65,883
Net balance of accounts, demand deposits and loans with banks	8,467	6,597
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	**71,499**	**72,480**
Net balance of cash accounts and accounts with central banks	52,458	63,032
Net balance of accounts, demand deposits and loans with banks	8,858	8,467
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**61,316**	**71,499**
NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS	**(10,183)**	**(981)**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(1) Income on financial instruments at fair value through Profit or Loss includes realised and unrealised income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 11 February 2015.

Note 1

SIGNIFICANT ACCOUNTING PRINCIPLES

INTRODUCTION

In accordance with European Regulation 1606/2002 of 19 July, 2002 on the application of International Accounting Standards, the Societe Generale Group ("the Group") prepared its consolidated financial statements for the year ended 31 December, 2014 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force at that date (these standards are available on the European Commission website at:
http://ec.europa.eu/finance/accounting/ias/index_en.htm).

The Group also continued to make use of the provisions of IAS 39, as adopted by the European Union, for applying macro-fair value hedge accounting (IAS 39 "carve-out").

The consolidated financial statements are presented in euros.

IFRS AND IFRIC INTERPRETATIONS APPLIED BY THE GROUP AS OF 1 JANUARY 2014

Accounting standards or Interpretations	Publication dates by IASB	Adoption dates by the European Union
Amendments to IAS 32 "Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities"	16 December 2011	13 December 2012
IFRS 10 "Consolidated Financial Statements"	12 May 2011	11 December 2012
IFRS 11 "Joint Arrangements"	12 May 2011	11 December 2012
IFRS 12 "Disclosure of Interests in Other Entities"	12 May 2011	11 December 2012
Amendments to IAS 28 "Investments in Associates and Joint Ventures"	12 May 2011	11 December 2012
Transition guidance (Amendments to IFRS 10, 11 and 12)	28 June 2012	4 April 2013
Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets	29 May 2013	19 December 2013
Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	27 June 2013	19 December 2013

▪ Amendments to IAS 32 “Presentation - Offsetting Financial Assets and Financial Liabilities”

These amendments clarify existing rules for offsetting financial assets and liabilities: offsetting is required only if the Group holds a currently enforceable legal right to set off the recognised amounts on a net basis or to realise the financial asset and settle the financial liability simultaneously. The legal right of set off the recognised amounts must be enforceable in all circumstances, in both the normal course of business and in the event of default of one of the counterparties. These amendments also clarify the characteristics for which a simultaneous gross settlement system may be considered equivalent to net settlement. These amendments have no impact on consolidated financial statements of the Group.

▪ IFRS 10 “Consolidated Financial Statements”

This new standard modifies the definition of control which will require more judgement in order to be assessed. Considering these new requirements, the Group controls a subsidiary or a structured entity when the Group has all the following:

- power over the entity (ability to direct the relevant activities), for example through voting rights or other rights, and
- exposure to or rights to variable returns from its involvement with the entity, and
- the ability to use its power over the entity to affect the amount of those returns.

When voting rights are not relevant to determine the existence or the absence of control over an entity, the assessment of control is based on the consideration of all facts and circumstances.

The impacts of retrospective application of this new standard are presented in Note 2.

▪ IFRS 11 “Joint Arrangements”

This new standard distinguishes between two forms of joint arrangement (joint operation and joint venture) by assessing the rights and obligations conferred on the parties and removes the option of applying the proportionate consolidation method. Joint ventures are now consolidated by applying the equity method.

The impacts of retrospective application of this new standard are presented in Note 2.

▪ IFRS 12 “Disclosure of Interests in Other Entities”

This standard includes all the disclosures that are required to be presented in the notes for all subsidiaries, joint arrangements, associates as well as for consolidated and unconsolidated structured entities. These information are disclosed in the Notes 44 and 45.

▪ Amendments to IAS 28 “Investments in Associates and Joint Ventures”

Further to publication of IFRS 10 and IFRS 11, IAS 28 has been amended to prescribe the accounting treatment of investments in associates and joint ventures.

▪ Transition guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

The amendments to IFRS 10, IFRS 11 and IFRS 12 concerning transition guidance limit the requirement to provide restated comparative information to the preceding comparative period only and eliminate the requirement to present comparative information for unconsolidated structured entities for periods before IFRS 12 is first applied.

- **Amendments to IAS 36 “Recoverable Amount Disclosures for Non-Financial Assets”**

These amendments limit to impaired assets only the obligation to disclose information about the recoverable amount and the basis on which the fair value of the cash-generating unit has been determined (less costs of disposal) when it includes goodwill or intangible assets with indefinite useful lives.

- **Amendments to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”**

These amendments allow hedging relationships to be maintained in situations where counterparties of an hedging instrument are obliged as a consequence of regulations or laws (for example European Market and Infrastructure Regulation-EMIR in European Union) to arise a novation and to transfer the instrument to a central counterparty or a clearing counterparty without modifying the other contractual terms of the instruments.

The main valuation and presentation rules used in drawing up the consolidated financial statements are disclosed below. These accounting methods and principles were applied consistently in 2013 and 2014.

USE OF ESTIMATES

When applying the accounting principles disclosed below for the purpose of preparing the Group’s consolidated financial statements, the Management makes assumptions and estimates that may have an impact on figures recorded in the income statement, on the valuation of assets and liabilities in the balance sheet, and on information disclosed in the notes to the consolidated financial statements.

In order to make these assumptions and estimates, the Management uses information available at the date of preparation of the consolidated financial statements and can exercise its judgment. By nature, valuations based on estimates include risks and uncertainties relating to their occurrence in the future. Consequently, actual future results may differ from these estimates and may then have a significant impact on the financial statements.

The use of estimates mainly concerns the following valuations:

- fair value in the balance sheet of financial instruments not quoted in an active market which are classified as *Financial assets and liabilities at fair value through profit or loss*, *Hedging derivatives* or *available-for-sale financial assets* (described in paragraph 2 and Note 3) and fair value of unlisted instruments for which this information must be disclosed in the notes to the financial statements;
- the amount of impairment of financial assets (*Loans and receivables*, *Available-for-sale financial assets*, *Held-to-maturity financial assets*), lease financing and similar agreements, tangible or intangible fixed assets and goodwill (described in paragraph 2 and Notes 4, 11, 15,16 and 22);
- provisions recognised under liabilities, including provisions for employee benefits or underwriting reserves of insurance companies as well as the deferred profit-sharing on the asset side of the balance sheet (described in paragraph 2 and Notes 21,22, 23 and 32);
- the amount of deferred tax assets recognised in the balance sheet (described in paragraph 2 and Note 13);
- initial value of goodwill determined for each business combination (described in paragraph 1 and Notes 2 and 16);
- in the event of the loss of control of a consolidated subsidiary, the fair value that is used to remeasure the portion retained by the Group in this entity, where applicable (described in paragraph 1).

1. CONSOLIDATION PRINCIPLES

The consolidated financial statements of Societe Generale include the financial statements of the parent company and of the main French and foreign companies as well as foreign branches that make up the Group.

Since the financial statements of foreign subsidiaries and branches are prepared in accordance with accepted accounting principles in their respective countries, any necessary restatements and adjustments are made prior to consolidation so that they comply with the accounting principles used by the Societe Generale Group.

CONSOLIDATION METHODS

▪ Subsidiaries

Subsidiaries are the entities over which the Group has exclusive control. These subsidiaries, which may be structured entities, are full consolidated. The Group controls an entity if and only if the following conditions are met:
- the Group has power over the entity (ability to direct its relevant activities ie the activities that significantly affect the entity's returns), through the holding of voting rights or other rights; and
- the Group has exposure or rights to variable returns from its involvement with the entity; and
- the Group has the ability to use its power over the entity to affect the amount of the Group's returns.

Power
When determining voting rights for the purpose of establishing the Group's degree of control over an entity and the appropriate consolidation methods, potential voting rights are taken into account where they can be freely exercised at the time the assessment is made or at the latest when decisions about the direction of the relevant activities need to be made. Potential voting rights are instruments such as call options on ordinary shares outstanding on the market or rights to convert bonds into new ordinary shares.

When voting rights are not relevant to determine whether or not the Group controls an entity, the assessment of this control shall consider all the facts and circumstances, including the existence of one or more contractual arrangements.
Power over an investee exists only if the investor has substantive rights that give it the current ability to direct relevant activities without barriers.
Some rights are designed to protect the interests of their holder (protective rights) without giving that party power over the investee to which those rights relate.
If several investors each have substantive rights that give them the unilateral ability to direct different relevant activities, the investor that has the current ability to direct the activities that most significantly affect the variable returns of the investee has power over the investee.

Exposure to variable returns
Control exists only if the Group is significantly exposed to the variability of variable returns generated by its investment or its involvement in the entity. These returns, which could be dividends, interest, fees, etc. , can be only positive, only negative or both positive and negative.

Link between power and returns
Power over the relevant activities does not give control to the Group if this power does not allow it to affect its returns from its involvements with the entity. If the Group has delegated decision-making rights that it exercises on behalf and for the benefit of third parties (the principals), it is presumed to act as an agent for these principals, and therefore it does not control the entity when it exercises its decision-making authority. In asset management activities, analysis shall be performed in order to determine whether the asset manager is acting as agent or principal when managing the net asset of a fund; the fund is presumed to controlled by the asset manager if this latter is considered as principal.

▪ Joint arrangements

Through a joint arrangement (either a joint operation or a joint venture) the Group exercises a joint control over an entity if decisions about the direction of its relevant activities require the unanimous consent of the parties that collectively control the entity. Assessing a joint control requires an analysis of rights and obligations of all the parties.
In the case of a joint operation, the parties to the arrangement have rights to the assets and obligations for the liabilities. The Group then distinctively recognises in its consolidated financial statements its share in the assets and in the liabilities and its share in the related revenue and expense.
In the case of a joint venture, the parties have rights to the net assets of the entity. This joint venture is accounted for using the equity method.

▪ Associates

Associates are companies over which the Group exercises significant influence and are accounted for using the equity method in the Group's consolidated financial statements. Significant influence is the power to participate in the financial and operating policies of an entity without exercising control. In particular, significant influence can result from Societe Generale being represented on the Board of Directors or supervisory board, from its involvement in strategic decisions, from the existence of significant intercompany transactions, from the exchange of management staff, or from the company's technical dependency on Societe Generale. The Group is assumed to exercise significant influence over the financial and operating policies of an entity when it directly or indirectly holds at least 20% of the voting rights in this entity.

Under the equity method, on initial recognition the investment in an associate is recognised at cost and after the date of acquisition the carrying amount is increased or decreased to recognise the changes of the investor's share in the net asset value of the investee. Net profit or loss of the investor includes its share of the net profit or loss of the investee. Other comprehensive income of the investor includes its share of other comprehensive income of the investee.

STRUCTURED ENTITIES

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. Such is the case, for example, when the relevant activities are directed by means of contractual arrangements.

A structured entity often presents certain characteristics such as a limited business activity, a specific and carefully defined purpose, insufficient capital to fund its activities without the use of subordinated financing.
Structured entities may use different legal forms: stock companies, partnerships, securitization vehicles, mutual funds, unincorporated entities, etc.

When assessing the existence of a control over a structured entity, all facts and circumstances shall be considered among which:

- the purpose and design of the entity,
- the structuring of the entity,
- risks to which the entity is exposed by way of its design and the Group's exposure to some or all of these risks,
- potential returns and benefits for the Group.

Unconsolidated structured entities are those that are not exclusively controlled by the Group.

In consolidating structured entities that are controlled by the Group, the shares of said entities not held by the Group are recognised as *Debt* in the balance sheet

CONSOLIDATION RULES

The consolidated financial statements are built up from the financial statements of the entities that are included in the consolidation scope. Companies with a fiscal year ending more than three months before or after that of Societe Generale prepare pro-forma statements for a twelve-month period ended 31 December. All significant balances, profits and transactions between Group companies are eliminated.

The results of newly acquired subsidiaries are included in the consolidated financial statements from the date the acquisition became effective and results of subsidiaries disposed of during the fiscal year are included up to the date where the Group relinquished control.

TRANSLATION OF FOREIGN ENTITY FINANCIAL STATEMENTS

The balance sheet items of consolidated companies reporting in foreign currencies are translated at the official exchange rates prevailing at the closing date. Income statement items of these companies are translated at the average month-end exchange rates. Gains and losses arising from the translation of capital, reserves, retained earnings and income are recognised under *Unrealised or deferred gains and losses – Translation differences.* Gains and losses arising from the translation of the capital contribution of foreign branches of Group banks are also included in changes in consolidated shareholders' equity under the same heading.

In accordance with the option allowed under IFRS 1, the Group allocated all differences arising on translation of foreign entity financial statements at 1 January 2004 to consolidated reserves. As a result, if any of these entities are sold, the proceeds from the sale will only include write-backs of those translation differences arising since 1 January 2004.

TREATMENT OF ACQUISITIONS AND GOODWILL

The Group uses the acquisition method to recognise its business combinations. The acquisition cost is calculated as the total fair value, at the date of acquisition, of all assets given, liabilities incurred or assumed and equity instruments issued in exchange for the control of the acquired entity. The costs directly linked to business combinations are recognised in the income statement for the period except those related to the issuance of equity instruments

Any contingent consideration is included in the acquisition cost at its fair value on the acquisition date, even if its occurrence is only potential. It is recognised under equity or debt in the balance sheet depending on the settlement alternatives; any subsequent adjustments are recorded under income for financial liabilities in accordance with IAS 39 and within the scope of the appropriate standards for other debts. For equity instruments, these subsequent adjustments are not recognised.

At the acquisition date, all assets, liabilities, off-balance sheet items and contingent liabilities of the acquired entities that are identifiable under the provisions of IFRS 3 "Business Combinations" are measured individually at their fair value regardless of their purpose. The analyses and professional appraisals required for this initial valuation must be carried out within 12 months as from the acquisition date, as must any corrections to the value based on new information related to facts and circumstances existing at the acquisition date.

Any excess of the price paid over the assessed fair value of the proportion of net assets acquired is recorded on the asset side of the consolidated balance sheet under *Goodwill.* Any deficit is immediately recognised in the income statement. *Non-controlling interests* are valued according to their share of the fair value of the identifiable assets and liabilities of the acquired entity. However, for each business combination, the Group may also choose to measure *non-controlling interests* initially at their fair value, in which case a fraction of goodwill is allocated. At the acquisition date, each item of goodwill is allocated to one or more cash-generating units expected to derive benefits from the acquisition. When the Group reorganises its reporting structure in a way that changes the composition of one or more cash-generating units, goodwill previously allocated to modified units shall be reallocated to the units affected (new or existing). This reallocation is generally performed using a relative approach based on the normative capital requirements of each cash-generating unit affected.

On the date of acquisition of an entity, any stake in this entity already held by the Group is remeasured at fair value through profit or loss. In the case of a step acquisition, goodwill is therefore determined by referring to the fair value on the acquisition date.

In the event of an increase in Group stakes in entities over which it already exercises control: the difference between the price paid for the additional stake and the assessed fair value of the proportion of net assets acquired at this date is recorded under the Group's *Consolidated reserves*; also, in the event of a reduction in the Group's stake in an entity over which it keeps control, the difference between the selling price and the carrying amount of the share of interests sold is accounted for under *Retained earnings, Group share.* The cost relative to these transactions is recognised directly in equity.

At the date when the Group loses control of a consolidated subsidiary, any investment retained in the former subsidiary is then remeasured at fair value through profit or loss, at the same time as the capital gain or loss is recorded under *Net income/expense from other assets* in the consolidated income statement. The gain or loss on disposal includes a share of goodwill previously allocated to the cash-generating units to which the subsidiary belongs. This share is determined using a relative approach based on the normative capital allocated to the subsidiary that is disposed and to the portion of cash-generating unit that is retained.

Goodwill is reviewed regularly by the Group and tested for impairment whenever there is any indication that its value may have diminished, and at least once a year. Any impairment of goodwill is calculated based on the recoverable value of the relevant cash-generating unit(s).

If the recoverable amount of the cash-generating unit(s) is less than its(their) carrying amount, an irreversible impairment is recorded in the consolidated income statement for the period under *Impairment losses on goodwill.*

Goodwill for companies that are accounted for using the equity method is recorded under *Investments accounted for using the equity method* in the consolidated balance sheet. These investments are tested for impairment if there is an objective evidence of impairment. If the recoverable amount of the investment is lower than its carrying amount, an impairment loss is recorded under *Net income from investments accounted for using equity method.* Realised capital gains and losses on sale of these investments that are accounted for using the equity method are recognised under *Net income from other assets.*

COMMITMENTS TO BUY OUT MINORITY SHAREHOLDERS IN FULLY CONSOLIDATED SUBSIDIARIES

The Group has awarded minority shareholders in some fully consolidated Group subsidiaries commitments to buy out their stakes. For the Group, these buyout commitments are put option sales. The exercise price for these options can be based on a formula agreed upon at the time of the acquisition of the shares of the subsidiary that takes into account its future performance or can be set as the fair value of these shares at the exercise date of the options.

The commitments are recorded as follows:

- in accordance with IAS 32, the Group recorded a financial liability for the put options granted to minority shareholders of the subsidiaries over which it exercises control. This liability was initially recognised at the present value of the estimated exercise price of the put options under *Other liabilities*;

- the obligation to recognise a liability even though the put options have not been exercised means that, in order to be consistent, the Group must use the same accounting treatment as that applied to transactions in *Non-controlling interests*. As a result, the counterpart of this liability is a write-down in value of *non-controlling interests* underlying the options, with any balance deducted from the Group's *Consolidated reserves;*

- subsequent variations in this liability linked to changes in the estimated exercise price of the options and the carrying value of *Non-controlling interests* are recorded in full in the Group's *Consolidated reserves;*

- if the buy-out takes place, the liability is settled by the cash payment linked to the acquisition of *non-controlling interests* in the subsidiary in question. However if, when the commitment reaches its term, the buy-out has not occurred, the liability is written off against *Non-controlling interests* and the Group's *Consolidated reserves* for their respective portions;

- as long as the options have not been exercised, the results linked to *Non-controlling interests* with a put option are recorded under *Non-controlling interests* on the Group's consolidated income statement.

These accounting principles may be revised over the coming years in line with any amendments proposed by the IFRS Interpretations Committee (formerly IFRIC) or the IASB.

SEGMENT REPORTING

The Group is managed on a matrix basis that takes into account of its different business lines and the geographical breakdown of its activities. Segment information is therefore presented under both criteria.

The Group includes in the results of each sub-division all operating income and expenses directly related to its activity. Income for each sub-division, except for the Corporate Centre, also includes the yield on capital allocated to it, based on the estimated rate of return on Group capital. In return, the yield on the sub-division's book capital is reallocated to the Corporate Centre. Transactions between sub-divisions are carried out under the same terms and conditions as those applying to non-Group customers.

The Group's core businesses are managed through three strategic pillars:

- French Retail Banking, which includes the domestic networks Societe Generale, Crédit du Nord and Boursorama;
- International Retail Banking & Financial Services, which consists of
  - International Retail Banking including consumer finance activities,
  - Corporate Financial Services and Insurance (operational vehicle leasing and fleet management, equipment finance and insurance activities);
- Global Banking and Investor Solutions which comprises
  - Corporate and Investment Banking via the "Global Markets" and "Financing & Advisory" business lines,
  - Private Banking and Asset Management,
  - Investor Services (securities services and brokerage).

These strategic pillars are supplemented by the Corporate Centre which acts as the Group's central funding department. As such, it recognises the cost of carry of equity investments in subsidiaries and related dividend payments, as well as income and expenses stemming from the Group's Asset and Liability Management (ALM) and income from the Group's management of its assets (management of its industrial and bank equity portfolio and of its real estate assets). Income and expenses that do not relate directly to the activity of the core businesses are also allocated to the Corporate Centre.

Segment income is presented taking into account internal transactions in the Group, while segment assets and liabilities are presented after their elimination. The tax rate levied on each business line is based on the standard tax rate applicable in each country where the division makes profits. Any difference with respect to the Group's tax rate is allocated to the Corporate Centre.

For the purpose of segment reporting by geographical region, segment profit or loss and assets and liabilities are presented based on the location of the booking entities.

2. ACCOUNTING POLICIES AND VALUATION METHODS

TRANSACTIONS DENOMINATED IN FOREIGN CURRENCIES

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into the entity's functional currency at the prevailing spot exchange rate. Realised or unrealised foreign exchange losses or gains are recognised in the income statement.

Forward foreign exchange transactions are recognised at fair value based on the forward exchange rate for the remaining maturity. Spot foreign exchange positions are valued using the official spot rates prevailing at the end of the period. Unrealised gains and losses are recognised in the income statement.

Non-monetary financial assets denominated in foreign currencies, including shares and other variable-income securities that are not part of the trading portfolio, are converted into the entity's functional currency at the exchange rate prevailing at the end of the period. Currency differences arising on these financial assets are recorded to shareholders' equity and are only recorded in the income statement when sold or impaired or where the currency risk is fair value-hedged. In particular, non-monetary assets funded by a liability denominated in the same currency are converted at the spot rate prevailing at the end of the period while booking the impact of exchange rate fluctuations to income subject to a fair value hedge relationship existing between the two financial instruments.

DETERMINING THE FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation methods used by the Group to establish the fair value of financial instruments are detailed in Note 3.

FINANCIAL ASSETS AND LIABILITIES

Purchases and sales of non-derivative financial assets at fair value through profit or loss, held-to-maturity financial assets and available-for-sale financial assets (see below) are recognised in the balance sheet at the delivery-settlement date while derivatives are recognised at the trade date. Changes in fair value between the trade and settlement dates are recorded in the income statement or to shareholders' equity depending on the accounting category of the relevant financial assets. Loans and receivables are recorded in the balance sheet on the date they are paid or at the maturity date for invoiced services.

When initially recognised, financial assets and liabilities are measured at fair value including transaction costs attributable to their acquisition or their issuance (except for financial instruments recognised at fair value through profit or loss). Financial assets are classified under one of the four categories detailed below.

If the initial fair value is based on observable market data, any difference between the fair value and the transaction price, i.e. the sales margin, is immediately recognised in the income statement. However, if valuation parameters are not observable or if the valuation models are not recognised by the market, the initial fair value of the financial instrument is deemed to be the transaction price and the sales margin is then generally recognised in the income statement over the life of the instrument. For some instruments, due to their complexity, this margin is recognised at their maturity or in the event of early sale. Where substantial volumes of issued instruments are traded on a secondary market with quoted prices, the sales margin is recognised in the income statement in accordance with the method used to determine the instrument's price. When valuation parameters become observable, any portion of the sales margin that has not yet been recorded is recognised in the income statement at that time.

▪ Loans and receivables

Loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, held for trading purposes or held for sale from the time they are originated or acquired. Loans and receivables are recognised in the balance sheet under *Due from banks* or *Customer loans* depending on the type of counterparty. Thereafter, they are valued at amortised cost using the effective interest rate method and impairment, determined on an individual or a collective basis, may be recorded if appropriate.

Financial assets and liabilities at fair value through profit or loss

These are financial assets and liabilities held for trading purposes. They are recorded at fair value at the balance sheet date and recognised in the balance sheet under *Financial assets or liabilities at fair value through profit or loss*. Changes in their fair value are recorded in the income statement as *Net gains and losses on financial instruments at fair value through profit or loss*.

This category also includes, in the same heading of financial statements, non-derivative financial assets and liabilities designated by the Group upon initial recognition to be carried at fair value through profit or loss in accordance with the option available under IAS 39. The Group's aim in using the fair value option is:

- firstly, to eliminate or significantly reduce discrepancies in the accounting treatment of certain financial assets and liabilities.

  The Group thus recognises at fair value through profit or loss some structured bonds issued by Societe Generale Corporate and Investment Banking. These issues are purely commercial and the associated risks are hedged on the market using financial instruments managed in trading portfolios. The use of the fair value option enables the Group to ensure consistency between the accounting treatment of these issued bonds and that of the derivatives hedging the associated market risks, which have to be carried at fair value.

  The Group also recognises at fair value through profit or loss the financial assets held to guarantee unit-linked policies of its life insurance subsidiaries to ensure their accounting treatment matches that of the corresponding insurance liabilities. Under IFRS 4, insurance liabilities must be recognised according to local accounting principles. The revaluations of underwriting reserves on unit-linked policies, which are directly linked to revaluations of the financial assets underlying their policies, are therefore recognised in the income statement. The fair value option thus allows the Group to record changes in the fair value of the financial assets through profit or loss so that they match fluctuations in value of the insurance liabilities associated with these unit-linked policies.

- secondly, so that the Group can recognise certain compound financial instruments at fair value, thereby avoiding the need to separate embedded derivatives that would otherwise have to be recognised separately. This approach is notably used for valuation of the convertible bonds held by the Group.

Held-to-maturity financial assets

These are non-derivative financial assets with fixed or determinable payments and a fixed maturity, that are quoted in an active market and which the Group has the intention and ability to hold to maturity. They are measured after acquisition at their amortised cost and may be subject to impairment as appropriate. The amortised cost includes premiums and discounts as well as transaction costs. These assets are recognised in the balance sheet under *held-to-maturity financial assets*.

Available-for-sale financial assets

These are non-derivative financial assets held for an indeterminate period which the Group may sell at any time. By default, these are any assets that do not fall into one of the above three categories. These financial assets are recognised in the balance sheet under *Available-for-sale financial assets* and measured at their fair value at the balance sheet date. Interest accrued or paid on fixed-income securities is recognised in the income statement using the effective interest rate method under *Interest and similar income – Transactions in financial instruments*. Changes in fair value other than income are recorded in shareholders' equity under *Unrealised or deferred gains and losses.* The Group only records the changes in fair value in the income statement when assets are sold or impaired, in which case they are reported as *Net gains and losses on available-for-sale financial assets*. Impairments regarding equity securities recognised as *Available-for-sale financial assets* are irreversible. Dividend income earned on these securities is recorded in the income statement under *Dividend income*.

SECURITIES LENDING AND BORROWING

Securities involved in a repurchase agreement or securities lending transaction are held in their original position on the asset side of the Group's balance sheet. For repurchase agreements, the obligation to return the amounts deposited is recorded under *Liabilities* on the liabilities side of the balance sheet, with the exception of transactions initiated under trading activities, which are recorded under *Financial liabilities at fair value through profit or loss*.

Securities involved in a reverse repurchase agreement or securities borrowing transaction are not recorded in the Group's balance sheet. However, in the event the borrowed securities are subsequently sold, a debt representing the return of these securities to their lender is recorded on the liabilities side of the Group's balance sheet, under *Financial liabilities at fair value through profit or loss*. For securities received under a reverse repurchase agreement, the right to recover the amounts delivered by the Group is recorded under *Loans and receivables* on the asset side of the balance sheet, with the exception of transactions initiated under trading activities, which are recorded under *Financial assets at fair value through profit or loss*.

Securities lending and securities borrowing transactions that are fully matched by cash are assimilated to repurchase and reverse repurchase agreements and are recorded and recognised as such in the balance sheet.

RECLASSIFICATION OF FINANCIAL ASSETS

After their initial recognition, financial assets may not be later reclassified as *Financial assets at fair value through profit or loss.*

A non-derivative financial asset, initially recognised as an asset held for trading purposes under *Financial assets at fair value through profit or loss,* may be reclassified out of its category when it fulfils the following conditions:

- if a financial asset with fixed or determinable payments, initially held for trading purposes, can no longer, after acquisition, be quoted in an active market and the Group has the intention and ability to hold it for the foreseeable future or until maturity, then this financial asset may be reclassified in the *Loans and receivables* category, provided that the eligibility criteria for this category are met at the date of transfer;

- if rare circumstances generate a change of the holding purpose of non-derivative debt or equity financial assets held for trading, then these assets may be reclassified in *Available-for-sale financial assets* or in *Held-to-maturity financial assets*, provided in the latter case that the eligibility criteria for this category are met at the date of transfer.

In any case, financial derivatives and financial assets measured using the fair value option shall not be reclassified out of *Financial assets at fair value through profit or loss.*

A financial asset initially recognised under *Available-for-sale financial assets* may be reclassified in *held-to-maturity financial assets,* provided that the eligibility criteria for this category are met. Furthermore, if a financial asset with fixed or determinable payments initially recognised under *Available-for-sale financial assets* can subsequently no longer be quoted in an active market and if the Group has the intention and ability to hold it for the foreseeable future or until maturity, then this financial asset may be reclassified in *Loans and receivables* provided that the eligibility criteria for this category are met.

These reclassified financial assets are transferred to their new category at their fair value at the date of reclassification and are subsequently measured according to the rules that apply to the new category. The amortised cost of financial assets reclassified out of *Financial assets at fair value through profit or loss* or *available-for-sale financial assets* to *Loans and receivables* and the amortised cost of financial assets reclassified out of *Financial assets at fair value through profit or loss* to *Available-for-sale financial assets* are determined on the basis of estimated future cash flows measured at the date of reclassification. The estimated future cash flows must be reviewed at each closing date. In the event of an increase in estimated future cash flows, as a result of an increase in their recoverability, the effective interest rate is adjusted prospectively. However, if there is objective evidence that the financial asset has been impaired as a result of an event occurring after reclassification and that loss event has a negative impact on the estimated future cash flows of the financial asset, the impairment of this financial asset is recognised under *Cost of risk* in the income statement.

DEBTS

Group borrowings that are not classified as financial liabilities recognised through profit or loss are initially recognised at cost, measured as the fair value of the amount borrowed net of transaction fees. These liabilities are valued at period-end and at amortised cost using the effective interest rate method, and are recognised in the balance sheet under *Due to banks, Customer deposits* or *Debt securities issued.*

Amounts due to banks and Customer deposits

Amounts due to banks and customer deposits are classified according to their initial duration and type: demand (demand deposits and current accounts) and time deposits and borrowings in the case of banks; regulated savings accounts and other deposits in the case of customers. They also include securities sold to banks and customers under repurchase agreements.

Interest accrued on these accounts at the effective interest rate is recorded as *Related payables* and as an expense in the income statement.

Debt securities issued

These liabilities are classified by type of security: loan notes, interbank market certificates, negotiable debt instruments, bonds and other debt securities excluding subordinated notes, which are classified under *Subordinated debt.*

Interest accrued on these debt instruments, determined using the effective interest rate, are recorded as *Related payables* and as an expense in the income statement. Bond issuance and redemption premiums are amortised at the effective interest rate over the life of the related borrowings. The resulting charge is recognised under *Interest expense* in the income statement.

SUBORDINATED DEBTS

This item includes all dated or undated borrowings, whether or not in the form of debt securities, which in the event of the liquidation of the borrowing company may only be redeemed after all other creditors have been paid. Interest accrued and payable in respect of long-term subordinated debt, if any, is recorded as *Related payables* and as an expense in the income statement. Issuance and redemption premiums are amortised at the effective interest rate over the life of the related debts. The resulting charge is recognised under *Interest expense* in the income statement.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

The Group derecognises all or part of a financial asset (or group of similar assets) when the contractual rights to the cash flows on the asset expire or when the Group has transferred the contractual rights to receive the cash flows and substantially all of the risks and rewards linked to the ownership of the asset.

Where the Group has transferred the cash flows of a financial asset but has neither transferred nor retained substantially all the risks and rewards of its ownership and has effectively not retained control of the financial asset, the Group derecognises it and, where necessary, recognises a separate asset or liability to cover any rights and obligations created or retained as a result of the asset's transfer. If the Group has retained control of the asset, it continues to recognise it in the balance sheet to the extent of its continuing involvement in that asset.

When a financial asset is derecognised in its entirety, a gain or loss on disposal is recorded in the income statement for an amount equal to the difference between the carrying value of the asset and the payment received for it, adjusted where necessary for any unrealised profit or loss previously recognised directly in equity and for the value of any servicing asset or servicing liability.

The Group only derecognises all or part of a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired.

FINANCIAL DERIVATIVES AND HEDGE ACCOUNTING

All financial derivatives are recognised at fair value in the balance sheet as financial assets or financial liabilities. Changes in the fair value of financial derivatives, except those designated as cash flow hedges (see below), are recognised in the income statement for the period.

Financial derivatives are divided into two categories:

- **Trading financial derivatives**

Derivative instruments are considered to be trading financial derivatives by default, unless they are designated as hedging instruments for accounting purposes. They are recorded in the balance sheet under *Financial assets or liabilities at fair value through profit or loss.* Changes in fair value are recorded in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss.*

Changes in the fair value of financial derivatives involving counterparties which subsequently went into default are recorded under *Net gains and losses on financial instruments at fair value through profit or loss* until the termination date of these instruments. At this termination date, receivables and debts on these counterparties are recognised at fair value in the balance sheet. Any further impairment on these receivables is recognised under *Cost of risk* in the income statement.

- **Derivative hedging instruments**

To designate an instrument as a derivative hedging instrument, the Group must document the hedging relationship at the inception of the hedge. This documentation specifies the asset, liability, or future transaction hedged, the risk to be hedged, the type of financial derivative used and the valuation method applied to measure its effectiveness. The derivative designated as a hedging instrument must be highly effective in offsetting the change in fair value or cash flows arising from the hedged risk, both when the hedge is first set up and throughout its life. Derivative hedging instruments are recognised in the balance sheet under *Hedging derivatives.*

Depending on the risk hedged, the Group designates the derivative as a fair value hedge, cash flow hedge, or currency risk hedge for a net foreign investment.

Fair value hedge

In a fair value hedge, the carrying value of the hedged item in the balance sheet is adjusted for gains and losses attributable to the hedged risk, which are reported in the income statement under *Net gains and* *losses on financial instruments at fair value through profit or loss.* To the extent that the hedge is highly effective, changes in the fair value of the hedged item and changes in the fair value of the hedging derivative instrument are accurately offset through profit or loss, the difference corresponding to an ineffectiveness gain or loss. As regards interest rate derivatives, accrued interest income or expenses are recorded in the income statement under *Interest income and expense – Hedging derivatives* at the same time as the interest income or expense related to the hedged item.

If it becomes apparent that the derivative has ceased to meet the effectiveness criteria for hedge accounting or if it is terminated or sold, hedge accounting is discontinued prospectively. Thereafter, the carrying amount of the hedged asset or liability ceases to be adjusted for changes in fair value and the cumulative adjustments previously recognised under hedge accounting are amortised over its remaining life. Hedge accounting is discontinued automatically if the hedged item is sold before maturity or redeemed early.

Cash flow hedge

In a cash flow hedge (including hedges of highly probable forecast transactions), the effective portion of the changes in fair value of the hedging derivative instrument is recognised in a specific equity account, while the ineffective portion is recognised in the income statement under *Net gains and losses on financial instruments at fair value through profit or loss.*

Amounts directly recognised in equity under cash flow hedge accounting are reclassified in *Interest income and expense* in the income statement at the same time as the cash flows being hedged. Accrued interest income or expense on hedging derivatives is recorded in the income statement under *Interest income and expense – Hedging derivatives* at the same time as the interest income or expense related to the hedged item.

Whenever the hedging derivative ceases to meet the effectiveness criteria for hedge accounting or is terminated or sold, hedge accounting is discontinued prospectively. Amounts previously recognised directly in equity are reclassified under *Interest income and expense* in the income statement over the periods where the interest margin is affected by cash flows arising from the hedged item. If the hedged item is sold or redeemed earlier than expected or if the forecast transaction hedged ceases to be highly probable, unrealised gains and losses recognised in equity are immediately reclassified in the income statement.

Hedging of a net investment in a foreign operation

As with a cash flow hedge, the effective portion of the changes in the fair value of the hedging derivative designated for accounting purposes as a hedge of a net investment is recognised in equity under *Unrealised or deferred gains and losses* while the ineffective portion is recognised in the income statement.

Macro-fair value hedge

In this type of hedge, interest rate derivatives are used to globally hedge structural interest rate risks usually arising from Retail Banking activities. When accounting for these transactions, the Group applies the IAS 39 “carve-out” standard as adopted by the European Union, which facilitates:

- the application of fair value hedge accounting to macro-hedges used for asset-liability management, including customer demand deposits in the fixed-rate positions being hedged;
- the performance of effectiveness tests required by IAS 39 as adopted by the European Union.

The accounting treatment of financial derivatives designated as macro-fair value hedge is similar to that for other fair value hedging instruments. Changes in fair value of the portfolio of macro-hedged instruments are reported on a separate line in the balance sheet under *Revaluation differences on portfolios hedged against interest rate risk* through profit or loss.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument. If this hybrid instrument is not measured at fair value through profit or loss, the Group separates the embedded derivative from its host contract if, at the inception of the transaction, the economic characteristics and risks of the derivative are not closely related to the economic characteristics and risk profile of the host contract and it would separately meet the definition of a derivative. Once separated, the derivative is recognised at its fair value in the balance sheet under *Financial assets or liabilities at fair value through profit or loss* and accounted for as above. The host contract is classified and measured according to its accounting category.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets measured at amortised cost

At each balance sheet date, the Group assesses whether there is objective evidence that any financial asset or group of financial assets has been impaired as a result of one or more events occurring since they were initially recognised (a “loss event”) and whether that loss event (or events) has (have) an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Notwithstanding the existence of a guarantee, the criteria used to assess objective evidence of credit risk include the existence of unpaid instalments overdue by over three months or independently of the existence of any unpaid amount, the existence of objective evidence of credit risk counterparty or when the counterparty is subject to judicial proceedings.

If there is objective evidence that loans or other receivables, or financial assets classified as *held-to-maturity financial assets,* are impaired, an impairment is recognised for the difference between the carrying amount and the present value of estimated future recoverable cash flows, taking into account any guarantees, this discount is calculated using the financial assets’ original effective interest rate. The depreciation is deducted from the carrying value of the impaired financial asset. Allocations to and reversals of impairments are recorded under *Cost of risk.* The impaired loans or receivables are remunerated for accounting purposes by the reversal over time of the discounting to present value, which is recorded under *Interest and similar income* in the income statement.

Where there is no objective evidence that an impairment loss has been incurred on a financial instrument considered individually, be it significant or not, the Group includes that financial asset in a group of financial assets having similar characteristics in terms of credit risk and tests the whole group for impairment.

In a homogenous portfolio, as soon as a credit risk is incurred on a group of financial instruments, impairment is recognised without waiting for the risk to individually affect one or more receivables. Homogeneous portfolios thus impaired can include:

- receivables on counterparties which have encountered financial difficulties since these receivables were initially recognised, without any objective evidence of impairment having yet been identified at the individual level (sensitive receivables) or;

- receivables on counterparties linked to economic sectors considered as being in crisis further to the occurrence of loss events or;

- receivables on geographical sectors or countries on which a deterioration of credit risk has been assessed.

The amount of impairment on a group of homogeneous assets is notably determined on the basis of historical default or loss data for assets with credit risk characteristics similar to those in the portfolio, or using hypothetical extreme loss scenarios or, if necessary, *ad-hoc* studies. These factors are then adjusted to reflect any relevant current economic conditions. Allocations to and reversals of such impairment are recorded under *Cost of risk.*

Available-for-sale financial assets

An available-for-sale financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of this asset.

For listed equity instruments, a significant or prolonged decline in their price below their acquisition cost constitutes objective evidence of impairment. For this purpose, the Group considers as impaired listed shares showing an unrealised loss greater than 50% of their acquisition price on the balance sheet date, as well as listed shares for which the quoted prices have been below their acquisition price on every trading day for at least the last 24 months before the balance sheet date. Further factors, such as the financial situation of the issuer or its development outlook, can lead the Group to consider that the cost of its investment may not be recovered even if the above-mentioned criteria are not met. An impairment loss is then recorded through profit or loss equal to the difference between the last quoted price of the security on the balance sheet date and its acquisition price.

For unlisted equity instruments, the criteria used to assess the evidence of impairment are identical to those mentioned above; the value of these instruments at the balance sheet date is determined using the valuation methods described in Note 3.

The criteria for the impairment of debt instruments are similar to those for the impairment of financial assets measured at amortised cost.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in shareholders' equity under *Unrealised or deferred gains and losses* and subsequent objective evidence of impairment emerges, the Group recognises the total accumulated unrealised loss previously recorded in shareholders' equity in the income statement under *Cost of risk* for debt instruments and under *Net gains and losses on available-for-sale financial assets* for equity securities.

This cumulative loss is measured as the difference between the acquisition cost (net of any repayments of principal and amortisation) and the present fair value, less any impairment of the financial asset that has already been recorded through profit or loss.

Impairment losses recognised through profit or loss on an equity instrument classified as available-for-sale are only reversed through profit or loss when the instrument is sold. Once a shareholders' equity instrument has been recognised as impaired, any further loss of value is recorded as an additional impairment loss. For debt instruments, however, an impairment loss is reversed through profit or loss if they subsequently recover in value following an increase of the issuer's credit risk.

LEASE FINANCING AND SIMILAR AGREEMENTS

Leases are classified as finance leases if they substantially transfer all the risks and rewards incident to ownership of the leased asset to the lessee. Otherwise they are classified as operating leases.

As lessor, the Group recognises finance lease receivables under *Lease financing and similar agreements* in its consolidated balance sheet. These receivables represent the Group's net investment in the lease, calculated as the present value of the minimum payments to be received from the lessee discounted at the interest rate implicit in the lease, plus any unguaranteed residual value.

Interest included in the lease payments is recorded under *Interest and similar income* in the income statement such that the lease generates a constant periodic rate of return on the lessor's net investment. If there has been a reduction in the estimated unguaranteed residual value used to calculate the lessor's gross investment in the finance lease, the present value of this reduction is recognised as a loss under *Expenses from other activities* in the income statement and as a reduction of finance lease receivables on the asset side of the balance sheet. Impairment of finance lease receivables, whether individual or collective, follows the same rules as those described for impairment of financial asset measured at amortised cost.

Operating fixed assets held under operating lease activities are presented in the balance sheet under *Tangible and intangible fixed assets*. In the case of buildings, they are recorded as *Investment property* under the same heading. Lease payments are recognised in the income statement on a straight-line basis over the life of the lease under *Income from other activities.* They are depreciated, outside the residual value, over the life of the lease. Income invoiced for maintenance services provided in connection with leasing activities are recognised under *Income from other activities* and their accounting treatment aims to show over the life of the lease a constant margin on these products in relation to the expense incurred.

TANGIBLE AND INTANGIBLE FIXED ASSETS

Operating and investment fixed assets are carried at their purchase price on the asset side of the balance sheet. Borrowing expenses incurred to fund a lengthy construction period for the fixed assets are included in the acquisition cost, along with all other directly attributable expenses. Investment subsidies received are deducted from the cost of the relevant assets.

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

As soon as they are fit for use, fixed assets are depreciated over their useful life. Any residual value of the asset is deducted from its depreciable amount. If there is a subsequent decrease or increase in this initial residual value, the depreciable amount of the asset is adjusted, leading to a prospective modification of the depreciation schedule.

Amortisations are recorded in the income statement under *Amortisation, depreciation and impairment of tangible and intangible fixed assets.*

When one or more components of a fixed asset are used for different purposes or to generate economic benefits over a different time period from the asset considered as a whole, these components are depreciated over their own useful life. The Group has applied this approach to its operating and investment properties, breaking down its assets into at least the following components and using their corresponding depreciation periods:

Infrastructure	Major structures	50 years
	Doors and windows, roofing	20 years
	Façades	30 years
Technical installations	Elevators	10 to 30 years
	Electrical installations	
	Electricity generators	
	Air conditioning, extractors	
	Technical wiring	
	Security and surveillance installations	
	Plumbing	
	Fire safety equipment	
Fixtures and fittings	Finishings, surroundings	10 years

Depreciation periods for fixed assets other than buildings depend on their useful life, which is usually estimated within the following ranges:

Plant and equipment	5 years
Transport	4 years
Furniture	10 to 20 years
Office equipment	5 to 10 years
IT equipment	3 to 5 years
Software, developed or acquired	3 to 5 years
Concessions, patents, licenses, etc.	5 to 20 years

Fixed assets are tested for impairment whenever there is any indication that their value may have diminished and, for intangible assets with an indefinite useful life, at least once a year. Evidence of a loss in value is assessed at every balance sheet date. Impairment tests are carried out on assets grouped by cash-generating unit. Where a loss is established, an impairment loss is recorded in the income statement under *Amortisation, depreciation and impairment of tangible and intangible fixed assets*. It may be reversed when the factors that prompted impairment have changed or no longer exist. This impairment loss will reduce the depreciable amount of the asset and thus affect its future depreciation schedule.

Realised capital gains and losses on operating fixed assets are recognised under *Net income from other assets*, while profits or losses on investment real estate are recognised under *Income from other activities.*

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

A non-current asset or group of assets and liabilities is deemed to be “held for sale” if its carrying value will primarily be recovered via a sale and not through its continuing use. For applying this classification, the asset or a group of assets and liabilities must then be immediately available-for-sale in its present condition and it must be highly probable that the sale will occur within twelve months.

For this to be the case, the Group must be committed to a plan to sell the asset (or disposal group of assets and liabilities) and have begun actively searching for a buyer. Furthermore, the asset or group of assets and liabilities must be marketed at a price that is reasonable in relation to its current fair value.

Assets and liabilities falling under this category are reclassified as *Non-current assets held for sale* and *Non-current liabilities held for sale,* with no netting.

Any negative differences between the fair value less selling costs of non-current assets and groups of assets held for sale and their net carrying value is recognised as impairment in profit or loss. Moreover, *Non-current assets held for sale* are no longer depreciated.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and :

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or,
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are recognised as a single item in the income statement for the period, at their net income after taxes for the period up to the date of sale, combined with any net gains and losses after taxes on their disposal or on the fair value less selling costs of the assets and liabilities making up the discontinued operations. Similarly, cash flows generated by discontinued operations are recorded as a separate item in the cash flow statement for the period.

PROVISIONS

Provisions, other than those for credit risk or employee benefits, represent liabilities whose timing or amount cannot be precisely determined. Provisions may be recorded where, by virtue of a commitment to a third-party, the Group will probably or certainly incur an outflow of resources to this third-party without receiving at least the equivalent value in exchange.

The expected outflows are then discounted to present value to determine the amount of the provision, where this discounting has a significant impact. Allocations to and reversals of provisions are recorded through profit or loss under the items corresponding to the future expense.

The provisions are presented in the Note 22. Information on the nature and the amount of the risks is not disclosed when the Group estimates that such disclosure could seriously prejudice its position in a dispute with other parties on the object of the provision.

COMMITMENTS UNDER "CONTRATS EPARGNE-LOGEMENT" (MORTGAGE SAVINGS AGREEMENTS)

Comptes d'épargne-logement (CEL or mortgage savings accounts) and *plans d'épargne-logement* (PEL or mortgage savings plans) are special savings schemes for individual customers which are governed by Law 65-554 of 10 July 1965. These products combine an initial deposits phase in the form of an interest-earning savings account, followed by a lending phase where the deposits are used to provide mortgage loans. Under the current regulation, this last phase is subject to the prior existence of the savings phase and is therefore inseparable from it. The savings deposits collected and loans granted are measured at amortised cost.

These instruments create two types of commitments for the Group: the obligation to remunerate customer savings for an indeterminate future period at an interest rate established at the inception of the mortgage savings agreement, and the obligation to subsequently lend to the customer at an interest rate also established at the inception of the savings agreement.

If it is clear that commitments under the PEL/CEL agreements will have negative consequences for the Group, a provision is recorded on the liabilities side of the balance sheet. Any changes in these provisions are recognised as *net banking income* under net interest income. These provisions only relate to commitments arising from PEL/CEL that are outstanding at the date of calculation.

Provisions are calculated for each generation of mortgage savings plans (PEL), with no netting between different PEL generations, and for all mortgage saving accounts (CEL) making up a single generation.

During the deposits phase, the underlying commitment used to determine the amount to be provisioned is calculated as the difference between the average expected amount of deposits and the minimum expected amount. These two amounts are determined statistically on the basis of the historical observations of past customer behaviour.

During the lending phase, the underlying commitment to be provisioned includes loans already granted but not yet drawn at the date of calculation, and future loans that are considered statistically probable on the basis of deposits that are currently recognised in the balance sheet at the date of calculation and on the basis of historical observations of past customer behaviour.

A provision is recognised if the discounted value of expected future earnings for a given generation of PEL/CEL is negative. Earnings are estimated on the basis of interest rates available to individual customers for equivalent savings and loan products, with a similar estimated life and date of inception.

LOAN COMMITMENTS

The Group initially recognises at fair value loan commitments that are not considered as financial derivatives. Thereafter, these commitments are provisioned as necessary in accordance with the accounting principles for *Provisions*.

FINANCIAL GUARANTEES GIVEN

When considered as non-derivative financial instruments, financial guarantees issued by the Group are initially recognised in the balance sheet at fair value. Thereafter, they are measured at the higher of the amount of the obligation and the amount initially recognised less, when appropriate, the cumulative amortisation of a guarantee commission. Where there is objective evidence of a loss of value, a provision for financial guarantees given is recognised among liabilities in the balance sheet.

DISTINCTION BETWEEN LIABILITIES AND SHAREHOLDERS' EQUITY

Financial instruments issued by the Group are recognised in whole or in part to debt or to equity depending on whether or not they contractually oblige the issuer to deliver cash to the holders of the security.

When they are classified as Debt instruments, securities issued are recorded under *Debt securities issued* or *Subordinated Debts* depending on their characteristics.

When they are classified as equity, securities issued by Societe Generale are recorded under *Other equity instruments*. If they are issued by Group subsidiaries, these securities are recognised under *Non-controlling interests, and the related r*emuneration paid to securities holders is recorded under *Non-controlling interests* in the income statement.

NON-CONTROLLING INTERESTS

Non-controlling interests refer to equity holdings in fully consolidated subsidiaries that are neither directly nor indirectly attributable to the Group. They include equity instruments issued by these subsidiaries and not held by the Group.

TREASURY SHARES

Societe Generale shares held by the Group are deducted from consolidated equity irrespective of the purpose for which they are held. Income on these shares is eliminated from the consolidated income statement.

Financial derivatives having Societe Generale shares as their underlying instrument or shares in subsidiaries over which the Group exercises sole control and whose liquidation entails the payment of a fixed amount in cash (or another financial asset) against a fixed number of Societe Generale shares (other than derivatives) are initially recognised as equity. Premiums paid or received on financial derivatives classified as equity instruments are recognised directly in equity and changes in the fair value of these derivatives are not recorded. For sales of put options, a debt is recognised for the present value of the strike price as a contra entry of the equity

Other financial derivatives having Societe Generale shares as their underlying instrument are recorded in the balance sheet at fair value in the same manner as derivatives with other underlying instruments.

INTEREST INCOME AND EXPENSE

Interest income and expense are recognised in the income statement under *Interest and similar income* for all financial instruments valued at amortised cost using the effective interest rate method.

The effective interest rate is taken to be the rate used to discount future cash inflows and outflows over the expected life of the instrument in order to establish the book value of the financial asset or liability. The calculation of this rate considers the future cash flows based on the contractual provisions of the financial instrument without taking account of possible future loan losses and also includes commissions paid or received between the parties where these may be assimilated to interest, directly linked transaction costs, and all types of premiums and discounts.

When a financial asset or group of similar financial assets has been impaired following an impairment of value, subsequent interest income is recorded on the basis of the effective interest rate used to discount the future cash flows when measuring the loss of value.

Moreover, except for those related to employee benefits, provisions recognised as balance sheet liabilities generate interest expenses that are calculated using the same interest rate as is used to discount the expected outflow of resources.

NET FEES FOR SERVICES

The Group recognises fee income and expense for services provided and received in different ways depending on the type of service.

Fees for ongoing services, such as some payment services, custody fees, or web-service subscriptions are recognised as income over the life of the service. Fees for one-off services, such as fund activity, finder's fees received, arbitrage fees, or penalties following payment incidents are recognised as income when the service is provided.

In syndication deals, the effective interest rate for the share of the issuance retained on the Group's balance sheet is comparable to that applied to the other members of the syndicate including, when needed, a share of the underwriting fees and participation fees; the balance of these fees is recorded in the income statement at the end of the syndication period. Arrangement fees are recorded as income when the placement is legally complete.

PERSONNEL EXPENSES

Personnel expenses include all expenses related to personnel, including the cost of the legal employee profit-sharing and incentive plans for the year as well as the cost of the various Group pension and retirement schemes and expenses related to payments based on Societe Generale shares.

EMPLOYEE BENEFITS

Group companies, in France and abroad, may award their employees:

- post-employment benefits, such as pension plans or retirement benefits;
- long-term benefits such as deferred variable remuneration, long service awards or the *Compte Epargne Temps* (CET) flexible working provisions;
- termination benefits.

Post-employment benefits

Pension plans may be defined contribution or defined benefit plans.

Defined contribution plans limit the Group's liability to the subscriptions paid into the plan but do not commit the Group to a specific level of future benefits. Contributions paid are recorded as an expense for the year in question.

Defined benefit plans commit the Group, either formally or constructively, to pay a certain amount or level of future benefits and therefore bear the associated medium or long-term risk.

Provisions are recognised on the liabilities side of the balance sheet under *Provisions,* to cover the whole of these retirement obligations. These provisions are assessed regularly by independent actuaries using the projected unit credit method. This valuation technique incorporates assumptions about demographics, early retirement, salary rises and discount and inflation rates.

When these plans are financed from external funds classified as plan assets, the fair value of these funds is subtracted from the provision to cover the obligations.

Differences arising from changes in calculation assumptions (early retirements, discount rates, etc.) or differences between actuarial assumptions and real performance are recognised as actuarial gains and losses.

Actuarial gains and losses, as well as the return on plan assets excluding amounts expensed as net interest on the net defined benefit liability (asset) and any change in the effect of the asset ceiling are components used to re-measure the net defined benefit liability (or asset). These components are immediately and fully recognised in *Unrealised or deferred gains and losses* and they are subsequently never reclassified into income.

In the Group consolidated financial statements, these items that will not be subsequently reclassified into income are displayed separately in the Statement of net income and unrealised or deferred gains and losses, but they are transferred immediately to retained earnings in the Statement of changes in shareholders' equity so that they are presented directly under *Retained earnings* in shareholders' equity in the Consolidated balance sheet.

Where a new or amended plan comes into force, the past service cost is immediately recognised in profit or loss.

An annual charge is recorded under *Personnel expenses* for defined benefit plans, consisting of:

- the additional entitlements vested by each employee (current service cost),
- past service cost resulting from a plan amendment or a curtailment,
- the financial expense resulting from the discount rate and the interest income on plan assets (net interest on the net defined benefit liability or asset),
- the settlement of plans.

▪ Long-term benefits

These are benefits paid to employees more than 12 months after the end of the period in which they provided the related services. Long-term benefits are measured in the same way as post-employment benefits, except for the treatment of actuarial gains and losses, which are recognised immediately as income.

PAYMENTS BASED ON SOCIETE GENERALE SHARES OR SHARES ISSUED BY A CONSOLIDATED ENTITY

Share-based payments include:

- payments in equity instruments;
- cash payments whose amount depends on the performance of equity instruments.

Share-based payments systematically give rise to a personnel expense recognised as *Personnel expenses* under the terms set out below.

▪ Global Employee Share Ownership Plan

Every year the Group carries out a capital increase reserved for current and former employees as part of the Global Employee Share Ownership Plan. New shares are offered at a discount with an obligatory five-year holding period. The resultant benefit to the employees is recognised by the Group as an expense for the year under *Personnel expenses – Employee profit-sharing and incentives.* This benefit is measured as the difference between the fair value of each security acquired and the acquisition price paid by the employee, multiplied by the number of shares purchased. The fair value of the acquired securities is measured taking account of the associated legal obligatory holding period using market parameters (notably the borrowing rate) applicable to market participants who benefit from these non-transferable shares to estimate the free disposal ability.

▪ Other share-based payments

The Group can award some of its employees stock purchase or subscription options, free shares or rights to a future cash payment based on the increase in Societe Generale share price.

The options are measured at their fair value when the employees are first notified, without waiting for the conditions that trigger the award to be met, or for the beneficiaries to exercise their options.

Group stock-option plans are measured using a binomial formula when the Group has adequate statistics to take into account the behaviour of the option beneficiaries. When such data are not available, the Black & Scholes model or Monte Carlo model is used. Valuations are performed by independent actuaries.

For equity-settled share-based payments (free shares, stock purchase or subscription options), the fair value of these instruments, measured at the vesting date, is spread over the vesting period and recorded under *Equity instruments and associated reserves* under shareholders' equity. At each accounting date, the number of these instruments is revised in order to take into account performance and service conditions and adjust the overall cost of the plan as originally determined. Expenses recognised under *Personnel expenses* from the start of the plan are then adjusted accordingly.

For cash-settled share-based payments (stock-options granted by unlisted companies or compensation indexed on Societe Generale shares), the fair value of the amounts payable is recorded under *Personnel expenses* as an expense over the vesting period against a corresponding liabilities entry recognised in the balance sheet under *Other liabilities – Expenses payable on employee benefits.* This payables item is then remeasured at fair value against income until settled. For hedging derivatives, the effective portion of the change in their fair value is recorded in profit or loss.

COST OF RISK

Cost of risk includes allocations, net of reversals, to provisions and to impairments for credit risk, the amount of the loan considered uncollectible and the amount of recoveries on loans written off, as well as allocations and reversals of provisions for other risks.

INCOME TAX

■ Current taxes

Current tax is based on the taxable profits of each consolidated taxable entity and determined in accordance with the rules established by the local taxation authorities, upon which income taxes are payable.

Tax credits arising in respect of interest from loans and income from securities are recorded in the relevant interest account as they are applied in settlement of income taxes for the year. The related tax charge is included under *Income tax* in the consolidated income statement.

■ Deferred taxes

Deferred taxes are recognised whenever the Group identifies a temporary difference between the book value and tax value of balance sheet assets and liabilities that will affect future tax payments. Deferred tax assets and liabilities are measured in each consolidated taxable entity and in accordance with the rules established by the local taxation authorities, upon which their income taxes are payable. This amount is based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realised or the liability settled. These deferred taxes are adjusted in the event of changes to tax rates. This amount is not discounted to present value. Deferred tax assets can result from deductible temporary differences or from tax loss carry forwards. These deferred tax assets are recorded only if it is probable that the entity concerned is likely to be able to apply them within a set time. These temporary differences or tax loss carry forwards can also be used against future taxable profit. Tax loss carry forwards are subject to an annual review taking into account the tax system applicable to the relevant entities and a realistic projection of their tax income or expense, based on their business development outlook: any previously unrecognised deferred tax assets are recorded in the balance sheet to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered ; however, the carrying value of deferred tax assets already recognised in the balance sheet is reduced where a risk of total or partial non-recovery occurs.

Current and deferred taxes are recognised in the consolidated income statement under *Income tax.* But the deferred taxes related to gains and losses recorded under *Unrealised or deferred gains and losses* are also recognised under the same heading in shareholders' equity.

INSURANCE ACTIVITIES

■ Financial assets and liabilities

The financial assets and liabilities of the Group's insurance companies are recognised and measured according to the rules governing financial instruments explained above.

■ Underwriting reserves of insurance companies

Underwriting reserves correspond to the commitments of insurance companies with respect to policyholders and the beneficiaries of policies.

In accordance with IFRS 4 on insurance contracts, life and non-life underwriting reserves continue to be measured under the same local regulations.

Life insurance underwriting reserves mainly comprise actuarial reserves, which correspond to the difference between the current value of commitments falling to the insurer and those falling to the policyholder, and reserves for claims incurred but not settled. The risks covered are principally death, invalidity and incapacity for work.

Underwriting reserves for unit-linked policies with discretionary profit-sharing or any other significant feature are measured at the balance sheet date on the basis of the current value of the assets underlying these policies.

Non-life insurance underwriting reserves comprise reserves for unearned premiums (share of premium income relating to subsequent financial years) and for outstanding claims. The risks covered are principally risks linked to home, car and accident insurance guarantees.

Under the principles defined in IFRS 4, and in compliance with local regulations applicable with respect thereto, life insurance policies with discretionary profit-sharing features are subject to “mirror accounting”, whereby any changes in the value of financial assets liable to affect policyholders are recorded in *Deferred profit-sharing*. This reserve is calculated to reflect the potential rights of policyholders to unrealised gains on financial instruments measured at fair value or their potential share of unrealised losses.

To demonstrate the recoverability of the deferred profit-sharing asset in the event of an unrealised net loss, two approaches are used to show that the liquidity requirements caused by an unfavourable economic environment would not require assets to be sold in the event of unrealised losses:

- the first consists in simulating deterministic (“standardised” or extreme) stress scenarios. This is used to show that in these scenarios no significant losses would be realised on the assets existing at the balance sheet date for the scenarios tested.

- the aim of the second approach is to ensure that in the long or medium term, the sale of assets to meet liquidity needs would not generate any significant losses. The approach is verified for projections based on extreme scenarios.

- a liability adequacy test is also carried out quarterly using a stochastic model based on parameter assumptions consistent with those used for the MCEV (Market Consistent Embedded Value). This test takes into account all of the future cash flows from policies, including management charges, fees and policy options and guarantees.

3. PRESENTATION OF FINANCIAL STATEMENTS

ANC RECOMMENDED FORMAT FOR BANKS’ SUMMARY FINANCIAL STATEMENTS

As the IFRS accounting framework does not specify a standard model, the format used for the financial statements is consistent with the format proposed by the French Accounting Standards Board, the ANC, under Recommendation 2013-04 of 7 November 2013.

RULE ON OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A financial asset and a financial liability are offset and the net amount presented on the balance sheet when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The legal right of set off the recognised amounts must be enforceable in all circumstances, in both the normal course of business and in the event of default of one of the counterparties.

TRANSFER OF UNREALISED OR DEFERRED GAINS AND LOSSES

Unrealised or deferred gains and losses recognised directly in equity during the period and which will not be reclassified subsequently into income are displayed separately in the Statement of net income and unrealised or deferred gains and losses.
At the end of the period they are transferred immediately to *Retained Earnings* in the Consolidated balance sheet and in the Statement of changes in shareholders’ equity.

CASH AND CASH EQUIVALENTS

In the cash flow statement, *Cash and cash equivalents* include cash accounts, demand deposits, loans and borrowings due to and from central banks and other credit institutions.

EARNINGS PER ORDINARY SHARE

Earnings per share are measured by dividing the net income attributable to ordinary shareholders by the weighted average number of shares outstanding over the period, excluding treasury shares. The net profit attributable to ordinary shareholders takes account of dividend rights of preferred shareholders such as holders of preferred shares, subordinated securities or deeply subordinated securities classified in equity. Diluted earnings per share take into account the potential dilution of shareholders' interests in the event dilutive instruments (stock options or free share plans) are converted into ordinary shares. This dilutive effect is determined using the share buyback method.

4. ACCOUNTING STANDARDS AND INTERPRETATIONS TO BE APPLIED BY THE GROUP IN THE FUTURE

Not all of the accounting standards published by the IASB had been adopted by the European Union at 31 December 2014. These accounting standards and interpretations are required to be applied from annual periods beginning on 1 July 2014 at the earliest or on the date of their adoption by the European Union. They were therefore not applied by the Group as of 31 December 2014.

ACCOUNTING STANDARDS, AMENDMENTS OR INTERPRETATIONS ADOPTED BY THE EUROPEAN UNION

Accounting standards or Interpretations	Adoption dates by the European Union	Effective dates : annual periods beginning on or after
IFRIC 21 "Levies"	13 June 2014	1st January 2015
Amendments to IAS 19 "Defined Benfit Plans : Employee Contributions"	17 December 2014	1st February 2015
Improvements to IFRSs (2010-2012)	17 December 2014	1st February 2015
Improvements to IFRSs (2011-2013) - December 2013	18 December 2014	1st July 2014

- **IFRIC Interpretation 21 "Levies"**

This interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" clarifies the accounting for a liability to pay a levy. For an entity the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time. Furthermore, if an obligation to pay a levy is triggered when a minimum threshold is reached the corresponding liability is recognised when that minimum activity threshold is reached. The Group is currently analysing the potential impact of this interpretation on its consolidated financial statements.

- **Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"**

These amendments apply to contributions from employees to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent from the number of years of employee service.

- **Improvements to IFRSs (2010-2012 and 2011-2013)**

As part of the annual Improvements to International Financial Reporting Standards, the IASB has published amendments to some accounting standards.

AMENDMENTS OR INTERPRETATIONS NOT YET ADOPTED BY THE EUROPEAN UNION AT 31 DECEMBER, 2014

Accounting standards or interpretations	Publication dates by IASB	Effective dates : annual periods beginning on or after
IFRS 9 "Financial Instruments"	12 November 2009, 28 October 2010, 16 December 2011, 19 November 2013 and 24 July 2014	1st January 2018
Amendments to IFRS 11: "Accounting for Acquisitions of Interests in Joint Operations"	06 May 2014	1st January 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"	12 May 2014	1st January 2016
IFRS 15 "Revenue from Contracts with Customers"	28 May 2014	1st January 2017
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint venture"	11 September 2014	1st January 2016
Annual Improvements to IFRSs (2012-2014)	25 September 2014	1st January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 " Investment entities: Applying the Consolidation Exception "	18 December 2014	1st January 2016
Amendments to IAS 1 " Disclosure Initiative"	18 December 2014	1st January 2016

IFRS 9 "Financial Instruments"

This standard aims to replace IAS 39. IFRS 9 determines new requirements for classifying and measuring financial assets and financial liabilities, the new credit risk impairment methodology for financial assets and hedge accounting treatment, except accounting for macro hedging for which the IASB currently has a separate project.

Classification and measurement

Financial assets are required to be classified into three categories according to measurement methods to be applied (amortised cost, fair value through profit or loss and fair value through other comprehensive income). Classification will depend on the contractual cash flow characteristics of the instruments and the entity's business model for managing its financial instruments.

By default, financial assets will be classified as subsequently measured at fair value through profit or loss.

Debt instruments (loans, receivables and bonds) will be measured at amortised cost only if the objective of the entity (business model) is to collect the contractual cash flows and if these cash flows consist solely of payments of principal and interest. Debt instruments will be measured at fair value through other comprehensive income (with cumulative gain or loss reclassified in profit or loss when the instruments are derecognised) if the objective of the entity (business model) is to collect the contractual cash-flows or to sell the instruments and if these contractual cash-flows consist solely of payments of principal and interest.

Equity instruments will be measured at fair value through profit or loss except in case of irrevocable election made at initial recognition for measurement at fair value through other comprehensive income (provided these financial assets are not held for trading purposes and not classified as such into financial assets measured at fair value through profit or loss) without subsequent reclassification into income.

Embedded derivatives will no longer be recognised separately when their host contracts are financial assets and the hybrid instrument in its entirety will then be measured at fair value through profit or loss.

Requirements for the classification and measurement of financial liabilities contained in IAS 39 have been incorporated into IFRS 9 without any modification, except for financial liabilities designated at fair value through profit or loss (using the fair value option). For these financial liabilities, the amount of change in their fair value attributable to changes in credit risk will be recognised in other comprehensive income without subsequent reclassification into income.

Derecognition rules for financial assets and financial liabilities have been carried forward unchanged from IAS 39 to IFRS 9.

Credit risk

All debt instruments classified as financial assets measured at amortised cost or at fair value through other comprehensive income, as well as lease receivables, loan commitments and financial guarantee contracts, will be systematically subject to an impairment or a provision for expected credit losses since the initial recognition of the financial asset or commitment.

At initial recognition, this expected credit loss will be equal to 12-month expected credit losses. This expected credit loss will subsequently be raised to lifetime expected credit losses if the credit risk on the financial instrument increases significantly since its initial recognition.

Hedge accounting

This new standard will align hedge accounting more closely with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures.

The standard extends the scope of non-derivative financial instruments that could be considered as hedging instruments. Similarly, the scope of items that could be considered as hedged items is increased to include components of non-financial items. The standard also amends the approach for assessing hedge effectiveness. Additional disclosures are also required to explain both the effect that hedge accounting has had on the financial statements and the entity's risk management strategy.

- **Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"**

The amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business as defined in IFRS 3 "Business combinations". It requires to apply all the principles of IFRS 3 to the acquisition of an interest.

- **Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"**

IASB clarifies that using a revenue-based method to calculate the depreciation of an asset is not appropriate, because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

- **IFRS 15 "Revenue from Contracts with Customers"**

This standard sets out the requirements for recognising revenue that apply to all contracts with customers. To recognise revenue, the following five steps would be applied: identification of the contract with the customer, identification of the performance obligations in the contract, determination of the transaction price, allocation of the transaction price to each performance obligation and revenue recognition when a performance obligation is satisfied.

- **Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint venture"**

These amendments clarify the gain or loss (full or partial) recognised in the consolidated statements in dealing with sale or contribution of assets between the Group and its associates or joint ventures.

- **Annual Improvements to IFRSs (2012-2014)**

As part of the annual Improvements to International Financial Reporting Standards, the IASB has published amendments to some accounting standards.

- **Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment entities: Applying the Consolidation Exception"**

These amendments confirm that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value

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- **Amendments to IAS 1 "Disclosure Initiative"**

These amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. IASB clarifies that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures.

Note 2

CHANGES IN CONSOLIDATION SCOPE

1. NORMATIVE CHANGES

Following the retrospective application of IFRS 10 “Consolidated Financial Statements” and IFRS 11 “Joint Arrangements”, the main changes to the consolidation scope are listed below:

- Two securitisation special purpose vehicles on behalf of third parties, Antalis SA. and Barton Capital LLC, were fully consolidated;
- The Group analysed its joint arrangements and took into account the following changes in consolidation methods:
  - 77 entities meeting the definition of joint ventures, previously proportionally consolidated, were retrospectively accounted for using equity method (particularly Newedge Group until it became controlled by the Group on 7 May 2014; Antarius, an insurance entity 50%-owned by Credit du Nord; and certain mortgage financing entities);
  - 2 mortgage financing entities meeting the definition of joint operations, previously proportionally consolidated, were retrospectively consolidated for the assets, liabilities, revenues and expenses relating to the Group’s interest in those entities.

The schedules below disclose the impacts of the retrospective application of IFRS 10 and 11 on the consolidated balance sheet and consolidated income statement:

Consolidated balance sheet

ASSETS

(In millions of euros)	**31 December 2013 After IFRS 10 & 11**	**31 December 2013 Before IFRS 10 & 11**	**Impact IFRS10 & 11**
Cash, due from central banks	66,598	66,602	(4)
Financial assets at fair value through profit or loss	479,112	484,386	(5,274)
Hedging derivatives	11,474	11,483	(9)
Available-for-sale financial assets	130,232	134,564	(4,332)
Due from banks	75,420	84,842	(9,422)
Customer loans	332,651	333,535	(884)
Lease financing and similar agreements	27,741	27,741	-
Revaluation differences on portfolios hedged against interest rate risk	3,047	3,047	-
Held-to-maturity financial assets	989	989	-
Tax assets	7,307	7,337	(30)
Other assets	54,118	55,895	(1,777)
Non-current assets held for sale	116	116	-
Investments accounted for using equity method	2,829	2,129	700
Tangible and intangible fixed assets	17,591	17,624	(33)
Goodwill	4,968	4,972	(4)
Total	**1,214,193**	**1,235,262**	**(21,069)**

Consolidated balance sheet (continued)

LIABILITIES

(In millions of euros)	31 December 2013 After IFRS 10 & 11	31 December 2013 Before IFRS 10 & 11	Impact IFRS10 & 11
Due to central banks	3,566	3,566	-
Financial liabilities at fair value through profit or loss	425,783	426,756	(973)
Hedging derivatives	9,815	9,819	(4)
Due to banks	86,789	91,098	(4,309)
Customer deposits	334,172	344,687	(10,515)
Debt securities issued	138,398	131,734	6,664
Revaluation differences on portfolios hedged against interest rate risk	3,706	3,706	-
Tax liabilities	1,613	1,639	(26)
Other liabilities	53,525	59,761	(6,236)
Non-current liabilities held for sale	4	4	-
Underwriting reserves of insurance companies	91,538	97,167	(5,629)
Provisions	3,807	3,829	(22)
Subordinated debt	7,507	7,395	112
Total liabilities	**1,160,223**	**1,181,161**	**(20,938)**
SHAREHOLDERS' EQUITY			
Shareholders' equity, Group share			
Issued common stocks, equity instruments and capital reserves	27,381	27,381	-
Retained earnings	21,927	21,927	-
Net income	2,044	2,175	(131)
Sub-total	**51,352**	**51,483**	**(131)**
Unrealised or deferred capital gains and losses	(475)	(475)	-
Sub-total equity, Group share	**50,877**	**51,008**	**(131)**
Non-controlling interests	3,093	3,093	-
Total equity	**53,970**	**54,101**	**(131)**
Total	**1,214,193**	**1,235,262**	**(21,069)**

The consolidation of the two securitisation special purpose vehicles mainly impacted *Customer loans* (EUR 4,451 million), *Customer deposits* (EUR -2,298 million) and *Debt securities issued* (EUR 6,660 million).

The accounting for Antarius using the equity method impacted *Financial assets at fair value through profit or loss* (EUR -1,624 million), *Available-for-sale financial assets* (EUR -4,297 million) and *Underwriting reserves of insurance companies* (EUR -5,629 million).

Other adjustments mainly resulted from accounting for Newedge Group using thje equity method.

Consolidated income

(In millions of euros)	2013 After IFRS 10 & 11	2013 Before IFRS 10 & 11	Impact IFRS10 & 11
Net banking income	22,433	22,831	(398)
Gross operating income	6,387	6,432	(45)
Operating income	2,337	2,380	(43)
Earnings before tax	2,922	3,058	(136)
Consolidated net income	2,394	2,525	(131)
Net income, Group share	2,044	2,175	(131)
Earnings per ordinary share	2.23	2.40	(0.17)
Diluted earnings per ordinary share	2.23	2.40	(0.17)

Net income was mainly impacted by the additional loss of value resulting from the impairment test on the stake in Newedge Group, which at the time was accounted for using the equity method.

2. CHANGES IN CONSOLIDATION SCOPE IN 2014

As at 31 December 2014, the Group's consolidation scope included 687 companies:

- ***601*** fully consolidated companies;
- ***2*** companies consolidated for the assets, liabilities, revenues and expenses relating to the Group's interest in those entities;
- ***84*** companies accounted for using the equity method, including 60 joint ventures and 24 companies under significant influence.

The consolidation scope includes subsidiaries (entities under Group's exclusive control), joint arrangements (joint ventures over which the Group exercises joint control) and associates (entities over which the Group exercises significant influence) that are significant compared to the Group's consolidated financial statements, notably regarding Group consolidated total assets and gross operating income.

The main changes to the consolidation scope at 31 December 2014, compared with the scope applicable at the closing date of 31 December 2013 after retrospective application of IFRS 10 and IFRS 11, were as follows:

- The Group purchased the shares owned by Crédit Agricole CIB in Newedge Group, increasing its share in that subsidiary to 100%.

  At the same time, the Group sold 5% of its stake in Amundi to Crédit Agricole S.A. As a consequence, its ownership interest decreased from 25% to 20%.

  These transactions generated income of EUR 194 million, recorded under *Net income from other assets*.

- The Group's stake in Rosbank increased from 92.4% to 99.49% due to several purchases of shares held by minority shareholders.

- Following the takeover bid initiated by the Group in May 2014, its stake in Boursorama increased from 57.24% to 79.51%.

- The Group’s stake in Banque Nuger, a subsidiary sub-consolidated by Crédit du Nord, rose from 64.69% to 100% following the purchase of shares held by minority shareholders.

- The Group’s shareholding in Union Internationale de Banques decreased from 57.20% to 55.10% as a result of a capital increase.

- Following a capital increase and the exercise of a put option granted to a minority shareholder, the Group’s ownership interest in Societe Generale Benin climbed from 79.33% to 83.19%.

- The Group completed the sale of its activities in consumer finance in Hungary.

- In the second half, the Group finalised the sale of its private banking assets and liabilities in Asia, which were reclassified under *Non-current assets held for sale* at 30 June 2014. The resulting capital gain before tax, amounting to EUR 141 million, was recognised in the income statement under *Net income from other assets*.

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the main items classified in *Non-current assets and liabilities held for sale* are assets and liabilities relating to:

- shipping finance activities in United Kingdom;
- Selftrade, Boursorama’s British subsidiary;
- consumer finance operations in Brazil.

Note 3

FAIR VALUE OF FINANCIAL INSTRUMENTS

This section specifies the valuation methods used by the Group to establish the fair value of the financial instruments presented in the following notes:

Notes	Description
Note 6	Financial assets and liabilities at fair value through profit or loss
Note 7	Hedging derivatives
Note 8	Available-for-sale financial assets
Note 9	Due from banks
Note 10	Customer loans
Note 11	Lease financing and similar agreements
Note 12	Held-to-maturity financial assets
Note 17	Due to banks
Note 18	Customer deposits
Note 19	Debt securities issued
Note 24	Subordinated debt

1. DEFINITION OF FAIR VALUE AND FAIR VALUE HIERARCHY

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FAIR VALUE HIERARCHY:

For information purposes, in the notes to the consolidated financial statements, the fair value of financial instruments is classified using a fair value hierarchy that reflects the significance of the inputs used, according to the following levels:

- Level 1 (L1): instruments valued on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities.

  Level 1 instruments carried at fair value on the balance sheet include in particular shares listed in an active market, government or corporate bonds priced directly by external brokers/dealers, derivatives traded on organised markets (futures, options), and units of funds (including UCITS) whose net asset value is available on the balance sheet date.

  A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and they reflect actual and regular market transactions on an arm's length basis.

  Determining whether a market is inactive requires the use of indicators such as a sharp decline in trading volume and the level of activity in the market, a sharp disparity in prices over time and between the various above-mentioned market participants, or the fact that the latest transactions conducted on an arm's length basis did not take place recently enough.

  Where a financial instrument is traded in several markets to which the Group has immediate access, its fair value is represented by the market price at which volumes and activity levels are highest for the instrument in question.

Transactions resulting from involuntary liquidations or distressed sales are usually not taken into account to determine the market price;

- Level 2 (L2): instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Instruments quoted in an insufficiently liquid market and those traded over-the-counter belong to this level. Prices published by an external source derived from the valuation of similar instruments are considered as data derived from prices.

Level 2 instruments include in particular securities carried at fair value on the balance sheet that are not directly quoted (e.g. corporate bonds, mortgage-backed securities, units of funds), and firm derivatives and options traded over-the-counter: interest rate swaps, caps, floors, swaptions, equity options, index options, foreign exchange options, commodity options and credit derivatives. The maturities of these instruments are linked to ranges of terms commonly traded in the market, and the instruments themselves can be simple or offer a more complex remuneration profile (e.g. barrier options, products with multiple underlying instruments), with said complexity remaining limited however. The valuation techniques used in this category are based on common methods shared by the main market participants.
This category also includes the fair value of loans and receivables at amortised cost granted to counterparties whose credit risk is quoted via Credit Default Swap;

- Level 3 (L3): instruments valued using inputs that are not based on observable market data (referred to as unobservable inputs). Those carried at fair value on the balance sheet are predominantly instruments for which the sales margin is not immediately recognised in profit or loss.

Accordingly, Level 3 financial instruments include derivatives with longer maturities than those usually traded and/or with specifically-tailored return profiles. Similarly, debt measured at fair value is classified as Level 3 where the valuation of the associated embedded derivatives is also based on unobservable parameters.

The main L3 complex derivatives are:

  - Equity derivatives: options with long maturities and/or incorporating bespoke remuneration mechanisms. These instruments are sensitive to market inputs (volatility, dividend rates, correlations, etc.). In the absence of market depth and of an objective approach made possible by regularly observed prices, their valuation is based on proprietary methods (e.g. extrapolation from observable data, historical analysis). Hybrid equity instruments (i.e. having at least one non-equity underlying instrument) are also classified as L3 due to the generally unobservable correlation between the different underlyings.

  - Interest rate derivatives: long term and/or exotic options, products sensitive to correlation between different interest rates, different exchange rates, between interest rates and exchange rates or, for quanto products for example (in which the instrument is settled in a currency different from the currency of the underlying); they are liable to be classified as L3 because the valuation parameters are unobservable due to the liquidity of the correlated pair and the residual maturity of the transactions (e.g. exchange rate correlations are deemed unobservable for the USD / JPY).

  - Credit derivatives: L3 credit derivatives mainly include baskets of instruments exposed to time to default correlation (“N to default” products in which the buyer of the hedge is compensated as of the N^{th} default, which are exposed to the credit quality of the issuers comprising the basket and to their correlation, or CDO Bespoke products, which are Collateralised Debt Obligations created specifically for a group of investors and structured according to their needs), as well as products subject to credit spread volatility.

  - Commodity derivatives: this category includes products involving unobservable volatility or correlation inputs (e.g. options on commodity swaps, baskets of underlyings).

2. FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE ON THE BALANCE SHEET

2.1 VALUATION METHODS

For financial instruments recognised at fair value on the balance sheet, fair value is determined primarily on the basis of the prices quoted in an active market. These prices can be adjusted if none are available on the balance sheet date or if the clearing value does not reflect transaction prices.

However, due notably to the varied characteristics of financial instruments traded over-the-counter on the financial markets, a large number of financial products traded by the Group does not have quoted prices in the markets.

For these products, fair value is determined using models based on valuation techniques commonly used by market participants to measure financial instruments, such as discounted future cash flows for swaps or the Black & Scholes formula for certain options, and using valuation parameters that reflect current market conditions as at the balance sheet date. These valuation models are validated independently by the experts from the Market Risk Department of the Group's Risk Division.

Furthermore, the parameters used in the valuation models, whether derived from observable market data or not, are checked by the Finance Division of GBIS (Global Banking and Investor Solutions), in accordance with the methodologies defined by the Market Risk Department.

If necessary, these valuations are supplemented by additional reserves (such as bid-ask spreads and liquidity) determined reasonably and appropriately after an analysis of available information.

Derivatives and security financing transactions are subject to a Credit Valuation Adjustment (CVA) or Debt Valuation Adjustment (DVA). The Group includes all clients and clearing houses in this adjustment, which also reflects the netting agreements existing for each counterparty. CVA is determined on the basis of the Group entity's positive expected exposure to the counterparty, the counterparty's probability of default (conditional to the entity not defaulting) and the loss given default. The DVA is determined symmetrically based on the negative expected exposure. These calculations are carried out over the life of the potential exposure, with a focus on the use of relevant and observable market data.

Similarly, an adjustment to take into account the costs or profits linked to the financing of these transactions (FVA, "Funding Value Adjustment") is performed on the derivatives not covered by netting agreements.

Observable data must be: independent of the bank (non-bank data), available, publically distributed, based on a narrow consensus and backed up by transaction prices.

For example, consensus data provided by external counterparties are considered observable if the underlying market is liquid and if the prices provided are confirmed by actual transactions. For high maturities, these consensus data are not observable. This is the case for the implied volatility used for the valuation of equity options with maturities of more than five years. However, when the residual maturity of the instrument falls below five years, its fair value becomes sensitive to observable parameters.

In the event of unusual tensions on the markets, leading to a lack of the usual reference data used for the valuation of a financial instrument, the Risk Division may implement a new model in accordance with pertinent available data, similar to methods used by other market players.

Shares and other variable-income securities

For listed shares, fair value is taken to be the quoted price on the balance sheet date. For unlisted shares, fair value is determined depending on the type of financial instrument and according to one of the following methods:

- Valuation based on a recent transaction involving the issuing company (third party buying into the issuing company's capital, appraisal by a professional valuation agent, etc.);
- Valuation based on a recent transaction in the same sector as the issuing company (income multiple, asset

multiple, etc.);
- Proportion of net asset value held.

For unlisted securities in which the Group has significant holdings, valuations based on the above methods are supplemented by a discounted future cash flow valuation based on business plans or on valuation multiples of similar companies.

Debt (fixed-income) instruments held in portfolio, issues of structured securities measured at fair value and financial derivatives

The fair value of these financial instruments is determined based on the quoted price on the balance sheet date or prices provided by brokers on the same date, when available. For unlisted financial instruments, fair value is determined using valuation techniques. Concerning liabilities measured at fair value, the on-balance sheet amounts include changes in the Group's issuer credit risk.

Other debts

For listed financial instruments, fair value is taken as their closing quoted price on the balance sheet date. For unlisted financial instruments, fair value is determined by discounting future cash flows to present value at market rates (including counterparty risks, non-performance and liquidity risks).

2.2. ESTIMATES OF MAIN UNOBSERVABLE INPUTS

The following table provides the valuation of L3 instruments on the balance sheet and the range of values of the most significant unobservable inputs by main product type.

	Value in balance sheet (in millions of euros)					
Cash instruments and derivatives [1]	**Assets**	**Liabilities**	**Main products**	**Valuation techniques used**	**Significant unobservable inputs**	**Range of inputs min & max**
Equities / funds	1,712	21,007	Simple and complex derivatives on funds, equities or baskets of stocks	Various option models on funds, equities or baskets of stocks	Equity volatilities	2.5% ; 83.6%
					Equity dividends	0.4% ; 4.8%
					Correlations	-100% ; 100%
					Hedge funds volatilities	7.5% ; 16.8%
					Mutual funds volatilities	1.9% ; 41.1%
Rates and Forex	3,786	6,933	Hybrid forex / interest rate or credit / interest rate derivatives	Hybrid instrument pricing models	Correlations	-72.5% ; 90%
			Forex derivatives	Forex option pricing models	Forex volatilities	1% ; 45.3%
			Interest rate derivatives whose notional is indexed to prepayment behaviour in European collateral pools	Prepayement modeling	Constant prepayment rates	0% ; 50%
			Inflation derivatives	Inflation pricing models	Inflation / inflation correlations	62% ; 96%
Credit	116	1,734	Collateralized Debt Obligations and index tranches	Recovery and base correlation projection models	Time to default correlations	0% ; 100%
					Recovery rate variance for single name underlyings	0% ; 100%
			Other credit derivatives	Credit default models	Time to default correlations	0% ; 100%
					Quanto correlations	-40 % ; 40%
					Credit spreads	0 bps; 1,000 bps
Commodity	370	549	Derivatives on commodities baskets	Option models on commodities	Commodities correlations	20.5% ; 98.5%

(1) Hybrid instruments are broken down by main unobservable inputs.

2.3. SENSITIVITY OF FAIR VALUE FOR LEVEL 3 INSTRUMENTS

Unobservable inputs are assessed carefully, particularly in this persistently uncertain economic environment and market. However, by their very nature, unobservable inputs inject a degree of uncertainty into the valuation of Level 3 instruments.

To quantify this, fair value sensitivity was estimated at 31 December 2014 on instruments whose valuation requires some unobservable inputs. This estimate was based: either on a "standardised(2)" variation in unobservable inputs, calculated for each input on a net position, or on assumptions in line with the additional valuation adjustment policies for the financial instruments in question.

SENSITIVITY OF LEVEL 3 FAIR VALUE TO A REASONABLE VARIATION IN UNOBSERVABLE INPUTS

	31 December 2014	
(in millions of euros)	**Negative impact**	**Positive impact**
Stocks and other equity instruments and derivatives	**-19**	**123**
Stock volatilities	0	34
Dividends	-4	7
Correlations	-14	63
Hedge Fund volatility	0	16
Mutual Fund volatility	-1	3
Rates and Forex instruments and derivatives	**-6**	**64**
Correlations between exchange rates and/or interest rates	-3	50
Forex volatilities	-1	4
Constant prepayment rates	-1	1
Inflation / inflation correlations	-1	9
Credit instrument and derivatives	**-18**	**24**
Time to default correlations	-2	2
Recovery rate variance for single name underlyings	-16	16
Quanto correlations	0	6
Credit spreads	0	0
Commodity derivatives	**0**	**4**
Commodities correlations	0	4

It should be noted that, given the already conservative valuation levels, this sensitivity is higher for a favourable impact on results than for an unfavourable impact. Moreover, the amounts shown above illustrate the uncertainty of the valuation as of the computation date, on the basis of a reasonable variation in inputs; future variations in fair value or consequences of extreme market conditions cannot be deduced or forecasted from these estimates.

(2) Meaning:

– either the standard deviation of consensus prices (TOTEM, etc) used to measure the input, which are nevertheless considered unobservable;

– or the standard deviation of historical data used to measure the input.

3. FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE ON THE BALANCE SHEET

For financial instruments that are not recognised at fair value on the balance sheet, the figures given in the notes and broken down according to the fair value hierarchy, as described in paragraph 1*. Definition of fair value and fair value hierarchy*, should not be taken as an estimate of the amount that would be realised if all such financial instruments were to be settled immediately.

The fair values of financial instruments include accrued interest as applicable.

- **Loans, receivables and lease financing agreements**

The fair value of loans, receivables and lease financing transactions for large corporates and banks is calculated, in the absence of an actively- traded market for these loans, by discounting expected cash flows to present value based on the market rates (the benchmark maturity yield published by the Banque de France and the zero coupon yield) prevailing on the balance sheet date for loans with broadly similar terms and maturities. These discount rates are adjusted for borrower credit risk.

The fair value of loans, receivables and lease financing transactions for retail banking customers, essentially comprised of individuals and small or medium-sized companies, is determined, in the absence of an actively-traded market for these loans, by discounting the associated expected cash flows to present value at the market rates prevailing on the balance sheet date for similar types of loans and similar maturities.

For all floating-rate loans, receivables and lease financing transactions and fixed-rate loans with an initial maturity less than or equal to one year, fair value is taken to be the same as book value net of impairment, assuming there has been no significant change in credit spreads on the counterparties in question since they were recognised in the balance sheet.

- **Debts**

The fair value of debts deposits, in the absence of an actively-traded market for these liabilities, is taken to be the same as the value of future cash flows discounted to present value at the market rates prevailing on the balance sheet date. When the debt is a listed instrument, its fair value is its market value.

For floating-rate deposits, demand deposits and borrowings with an initial maturity of less than or equal to one year, fair value is taken to be the same as book value. Similarly, the individual fair value of demand deposit accounts is equal to their book value.

Note 4

RISK MANAGEMENT LINKED TO FINANCIAL INSTRUMENTS

This note describes the main risks linked to financial instruments and how they are managed by the Group.

Types of risks

The Group is exposed to the risks inherent in its core businesses. Given the diversity and changes in the Group's activities, its risk management focuses on the following main categories of risks, any of which could adversely affect its performance:

- credit and counterparty risk (including country risk): risk of losses arising from the inability of the Group's customers, issuers or other counterparties to meet their financial commitments. Credit risk includes the counterparty risk linked to market transactions (replacement risk), as well as securitisation activities. Country risk arises when an exposure can be negatively affected by changing political, economic, social and financial conditions in the country of operation. Credit risk may be exacerbated by concentration risk, which arises from a large exposure to a given risk, to one or more counterparties, or to one or more homogeneous groups of counterparties. Limits are set for some countries, geographical regions, sectors, products or types of customers with a view to minimising the most significant risks. In addition, major concentration risks are analysed periodically for the entire Group;
- market risk: risk of a decline in the value of financial instruments arising from changes in market parameters, the volatility of these parameters and correlations between them. These parameters include but are not limited to exchange rates, interest rates, and the price of securities (equities, bonds), commodities, derivatives and other assets, including real estate assets. Positions and risks are subject to daily controls and compared to predefined limits that, for major positions, are validated by the Board of Directors on the advice of the Audit, Internal Control and Risk Committee (CACIR) in accordance with the risk appetite defined by the Board of Directors;
- structural interest and exchange rate risk: risk of loss or write-downs in the Group's assets arising from variations in interest or exchange rates. Structural interest and exchange rate risk arises from commercial activities and from transactions entered into by the Corporate Centre. The Group's general objective is to minimise structural interest rate and exchange rate risks as much as possible within its consolidated entities. Wherever possible, commercial transactions are therefore hedged against interest rate and exchange rate risks. Any residual structural interest rate risk exposure is subject to sensitivity limits set for each entity and for the overall Group as validated by the Finance Policy Committee. As for exchange rates, the Group's policy is to immunise its solvency ratio against fluctuations in the currencies in which it operates;
- liquidity risk: risk of the Group not being able to meet its cash or collateral requirements as they arise and at a reasonable cost. Given that liquidity is a scarce resource, the Group's objective is to finance its activities at the best possible rates under normal conditions while maintaining adequate buffers to cover outflows in periods of stress. The scope of the Group's short and long-term financing plan, which supplements customer deposits, is conservative with reduced concentration in the short term while ensuring diversification in terms of products and regions. Targets are validated by the Board of Directors in accordance with risk appetite.

1. ORGANISATION, PROCEDURES AND METHODS

1.1. RISK MANAGEMENT STRATEGY

Implementing a robust and effective risk management structure is a critical undertaking for the Societe Generale Group, in all businesses, markets and regions in which the bank operates, as maintaining a balance between strong risk culture and promotion of innovation. Specifically, the main objectives of the Group's risk management strategy are:

- to contribute to the development of the Group's various businesses by optimising its overall risk-adjusted profitability in accordance with its risk appetite;
- to guarantee the Group's sustainability as a going concern by implementing an effective risk analysis, measurement and monitoring system;

- to make risk management a differentiating factor and a competitive strength acknowledged by all.

This can take the form of:

- clear principles for governing, managing and organising risks;
- determination and formal definition of the Group's risk appetite;
- effective risk management tools;
- a risk culture that is cultivated and established at each level of the Group.

These points are the focus of a series of initiatives established under the ERM (Enterprise Risk Management) program, which aims to improve the consistency and effectiveness of the Group's risk management system by fully integrating risk prevention and control in the day-to-day management of the bank's businesses.

1.2. GOVERNANCE, CONTROL AND ORGANISATION OF RISK MANAGEMENT

Governance of the Group's risk management is based on:

- extensive managerial involvement in the risk management process and promotion of risk culture, throughout the entire organisational structure, from the Board of Directors to operational staff;
- clearly defined internal rules and procedures;
- continuous supervision by an independent body to monitor risks and to enforce rules and procedures.

The Group's risk management is organised around two key principles:

- risk assessment departments must be independent from the business divisions;
- the risk management approach and risk monitoring must be consistent throughout the Group.

Compliance with these principles forms part of the consolidation plans for subsidiaries acquired by the Group.

Group risk management is governed by two main bodies: the Board of Directors, via the Audit, Internal Control and Risk Committee, and the Risk Committee. The Group's Corporate Divisions, such as the Risk Division and Finance Division, which are independent from the business divisions, are dedicated to permanent risk management and control under the authority of the General Management.

1.2.1. Board of Directors

The Board of Directors defines the Group's strategy, and oversees its implementation, while assuming and controlling risks. In particular, the Board of Directors ensures the adequacy of the Group's risk management infrastructure, monitors changes in the portfolio and particularly in the cost of risk, and approves the market risk limits. Presentations on the main aspects and significant changes of the Group's risk management strategy are made to the Board of Directors by the General Management at least once a year (more often if circumstances require it), as part of the exercise to determine the Group's risk appetite.

1.2.2. Audit, Internal Control and Risk Committee

Within the Board of Directors, the Audit, Internal Control and Risk Committee plays a crucial role in assessing the quality of the Group's internal control. More specifically, it is responsible for examining the consistency of the internal risk monitoring framework with the procedures, laws and regulations in force. Special presentations are made by the General Management to the Committee, which reviews the procedures for controlling certain market risks as well as structural interest rate risks, and is consulted about the setting of risk limits. It also issues an opinion on the Group's overall provisioning policy and on large specific provisions. Finally, the Group's risk map and risk appetite indicators are presented to the Committee annually, and every year it examines the Annual Report on Internal Control, which is submitted to the Board of Directors and the French Prudential Supervisory and Resolution Authority (ACPR).

1.2.3. Risk Committee and Large Exposures Committee

The Group Risk Committee (CORISQ), chaired by the General Management, is made up of members of the Group's Executive Committee (COMEX), managers of the Risk Division, and, when needed, representatives of the Divisions concerned by the agenda. It convenes at least once a month in order to address the major trends in terms of Group risks.

In general, the Group Risk Committee, upon the advice of the Risk Division, makes the main decisions concerning the management of various risks (credit, country, market and operational risks).

The Large Exposures Committee is an *ad hoc* body which, under the chairmanship of General Management, comprises the operational managers and the managers of the Risk Division responsible for certain individual exposures.

1.2.4. Risk Division

The main role of the Risk Management Division is to contribute to the development of the Group business and profitability by defining, in conjunction with the Finance Division and the core businesses, the Group's risk appetite (adapted in the Group's different businesses) and implementing a risk management and monitoring system. In carrying out its duties, the Risk Management Division combines independence from the business lines and close collaboration with the core businesses, which hold primary responsibility for the transactions they initiate.

Accordingly, the Risk Division is responsible for:

- carrying out hierarchical and functional supervision of the Group's risk structure;
- alongside the Finance Division, setting the Group's risk appetite which is then submitted to the executive body;
- recording all Group risks;
- implementing a governance and monitoring system for these risks across all business lines, and regularly reporting on the nature and extent of these risks to the General Management, the Board of Directors and the banking supervision authorities;
- helping to define the Group's risk policies, taking into account business objectives and corresponding risk issues;
- defining and validating risk analysis, measurement, approval and monitoring methods and procedures;
- validating the transactions and limits proposed by business managers;
- defining and validating the "risk" information system and ensuring its suitability for the needs of the businesses.

1.2.5 New Product Committee

Each division submits all new products, businesses or activities to the New Product Committee. This committee, which is jointly managed by the Risk Division and the business divisions, aims to ensure that, prior to the launch of a new product, business or activity:

- all associated risks are fully identified, understood and correctly addressed;
- compliance is assessed with respect to the laws and regulations in force, codes of good professional conduct and risks to the image and reputation of the Group;
- all the support functions have been consulted and have no, or no longer have, any reservations regarding the new product, business or activity in question.

This process is underpinned by a very broad definition of a new product, which ranges from the creation of a new product, to the adaptation of an existing product to a new environment or the transfer of activities involving new team or new systems.

1.2.6 Finance Division

The Finance Division is in charge of the Group's overall financial management and as such is responsible for assessing and managing structural interest rate, foreign exchange and liquidity risks.

In accordance with regulatory principles advocating the separation of risk oversight and control functions, two different entities manage and monitor structural risks:

- the "Balance Sheet and Global Treasury Management Department" manages the balance sheet and funding for the Group, mainly through the implementation of financing and resilience plans in accordance with established objectives and in compliance with regulatory obligations. The main objective is to obtain reasonable borrowing costs and achieve diversification guaranteeing the security of the Group;

- the "ALM Risk Control Department" is responsible for supervising structural risk for the entire Group. As such, it is responsible for setting measurement and modeling standards, verifying structural risk models, and helping define and monitor structural risk limits and asset-liability management practices. This Department is functionally supervised by the Risk Division.

The control of scarce resources (capital, liquidity, balance sheet) and of performance in line with strategic objectives and in compliance with regulatory requirements is placed under the sole responsibility of the Strategic and Financial Steering Department

Societe Generale's risk measurement and assessment processes are an integral part of the bank's ICAAP[1] (Internal Capital Adequacy Assessment Process). Alongside capital management, ICAAP is aimed at providing guidance to both the Group Risk Committee and the Finance Committee in defining the Group's overall risk appetite and setting risk limits.

2. CREDIT RISK

2.1. RISK MANAGEMENT - GENERAL PRINCIPLES

2.1.1. Credit policy

Societe Generale's credit policy is based on the principle that approval of any credit risk undertaking must be based on sound knowledge of the customer and the customer's business, an understanding of the purpose and structure of the transaction and the sources of repayment of the debt. Credit decisions must also ensure that the structure of the transaction will minimise the risk of loss in the event the counterparty defaults. Furthermore, the credit approval process takes into consideration the overall commitment of the Group to which the customer belongs. Risk approval forms part of the Group's risk management strategy in line with its risk appetite.

2.1.2. Approval process

The risk approval process is based on four core principles:

- all transactions involving credit risk (debtor risk, settlement/delivery risk, issuer risk and replacement risk) must be pre-authorised;
- responsibility for analysing and approving transactions lies respectively with the dedicated primary customer relationship unit and risk unit, which examine all authorisation requests relating to a specific customer or customer group, to ensure a consistent approach to risk management;
- the primary customer relationship unit and the risk unit must be independent from one another;
- credit decisions must be systematically based on internal risk ratings (obligor rating), as provided by the primary customer relationship unit and approved by the Risk Division.

The Risk Division submits recommendations to the Group Risk Committee on the limits it deems appropriate for certain countries, geographic regions, sectors, products or types of customers, in order to reduce risks with strong correlations. The allocation of limits is subject to final approval by the Group's General Management and is based on a process that involves the Business Divisions exposed to risk and the Risk Division.

Finally, the supervision exercised by the Group Risk Committee is supplemented by the Large Exposures Committee which focuses on reviewing large individual exposures.

2.1.3. Credit and counterparty risk monitoring

Societe Generale places great emphasis on carefully monitoring its credit and counterparty risk exposure in order to minimise its losses in case of default. Furthermore, counterparty limits are assigned to all counterparties (banks, other financial institutions, corporate and public institutions).

Any significant weakening in the bank's counterparties also prompts urgent internal rating reviews. A specific supervision and approval process is implemented for the most sensitive counterparties or the most complex financial instruments.

2.2. RISK MEASUREMENT AND INTERNAL RATINGS

The Group's rating system relies on a quantitative analysis of credit risks based on models that estimate the internal Basel parameters. In this regard, these models are used to calculate the Group's regulatory capital requirements. They also comply with the Group's risk management objectives and operational activities. As such,

[1] ICAAP (Internal Capital Adequacy Assessment Process), corresponds to the Pillar II process required under the Basel Accord that enables the Group to ensure capital adequacy to support all business risks

they are used as a tool to structure, price and approve transactions and help to determine the limits for approval decisions assigned to the operational teams and the Risk function.

For capital requirements calculations according to the Advanced Internal Ratings Based models (A-IRB), Societe Generale uses the following Basel parameters:

- Exposure at Default (EAD) value is defined as the Group's exposure in the event of a counterparty default. EAD comprises exposures (loans, receivables, accrued income, market transactions, *etc*.) recorded on the balance sheet, as well as those recorded off the balance sheet and converted to their balance sheet equivalent using internal or regulatory Credit Conversion Factors (CCF) (drawdown assumption);
- Probability of Default (PD): probability that a counterparty of the bank defaults within one year;
- Loss Given Default (LGD): ratio between the loss incurred on an exposure in the event of a counterparty default and the amount of the exposure at the time of default.

These three parameters are used to estimate regulatory capital requirements by calculating the Risk Weighted Assets (RWA) and the Expected Loss (EL), loss likely to be incurred given the nature of the transaction, the strength of the counterparty and any measures taken to mitigate the risk.

The Group takes into account the impact of guarantees and credit derivatives by substituting the guarantor's PD, LGD and risk weighting formula for that of the borrower (the exposure is considered as direct guarantor exposure) if the guarantor's risk weight is more favorable than that of the borrower.
Similarly, for exposures based on the Internal Ratings Based (IRB) approach, the Group takes collateral (physical or financial) into account in calculating the LGD. This impact is reflected either in the LGD models for the segments in question, or line by line.

For exposures under the standardised approach: eligible credit risk mitigation techniques (after regulatory deductions) are taken directly into account in the EAD.

The vast majority of the Group's credit portfolio is covered by internal PD and LGD models, mainly with the A-IRB approach. These methods were validated in 2007 by the regulator and have since been subject to regular performance monitoring.
In addition, the Group received authorisation from the regulator to use the Internal Assessment Approach (IAA) method to calculate the regulatory capital requirement for Asset-Backed Commercial Paper conduits.

2.3. MANAGEMENT OF THE CREDIT PORTFOLIO AND OF COUNTERPARTY RISK

The Group uses credit risk mitigation techniques both for market and commercial banking activities. These techniques provide partial or full protection against the risk of debtor insolvency.

2.3.1. Use of credit derivatives to manage corporate concentration risk

The Group uses credit derivatives in the management of its Corporate credit portfolio, primarily to reduce individual, sector and geographic concentration and to implement a proactive risk and capital management approach. Individual protection is essentially purchased under the over-concentration management policy. For example, the ten most hedged names account for 93% of the total amount of individual protection purchased.

Total outstanding purchases of protection through Corporate credit derivatives were stable at EUR 1.2 billion at end-December 2014 (EUR 1.4 billion at end-December 2013). In 2014, Credit Default Swaps (CDS) spreads on European investment-grade issues (Itraxx index) narrowed slightly, reducing the portfolio's sensitivity to tightening spreads.

All protection was purchased from bank counterparties with ratings of BBB+ or above, the average being A/A-. Concentration with any particular counterparty is also carefully monitored.

All credit derivatives regardless of their purpose are recognised at fair value through profit or loss and cannot be recorded as hedging instruments. Accordingly, they are recognised as trading derivatives at their notional and fair value.

2.3.2. Guarantees and collateral

These techniques provide partial or full protection against the risk of debtor insolvency.

There are two main techniques:

- personal guarantees are commitments made by a third party to replace the primary debtor in the event of the latter's default. Guarantees encompass the protection commitments and mechanisms provided by banks and similar credit institutions, specialised institutions such as mortgage guarantors (e.g *Crédit Logement* in France), monoline or multiline insurers, export credit agencies, *etc*. By extension, credit insurance and credit derivatives (purchase of protection) also belong to this category;
- collateral can consist of physical assets in the form of property, commodities or precious metals, as well as financial instruments such as cash, high-quality investments and securities and also insurance policies.

In order to reduce its risk taking, the Group actively manages guarantees and collateral by diversifying them: physical collateral, personal guaranties and other (including CDS).

During the credit approval process, an assessment of the value of guarantees and collateral, their legal enforceability and the guarantor's ability to meet its obligations is undertaken. This process also ensures that the collateral or guarantee successfully meets the criteria set forth in the Capital Requirements Directive (CRD).

Guarantor ratings are reviewed internally at least once a year and collateral is subject to revaluation at least once a year.

The Risk Department is responsible for validating the operating procedures established by the business divisions for the regular valuation of guarantees and collateral, either automatically or based on an expert opinion, both during the approval phase for a new loan or upon the annual renewal of the credit application.

2.3.3. Mitigation of counterparty risk linked to market transactions

Societe Generale uses different techniques to reduce this risk. With regard to trading counterparties, it seeks to implement master agreements with a termination-clearing clause wherever it can. In the event of default, they allow netting of all due and payable amounts. The contracts usually call for the revaluation of required collateral at regular time intervals (often on a daily basis) and for the payment of the corresponding margin calls. Collateral is largely composed of cash and high-quality liquid assets such as government bonds with a good rating. Other tradable assets are also accepted, provided that the appropriate haircuts are made to reflect the lower quality and/or liquidity of the asset.

At 31 December 2014, most over-the-counter (OTC) transactions were secured: by amount[2], 62% of transactions with positive mark-to-market (collateral received by Societe Generale) and 70% of transactions with negative mark-to-market (collateral posted by Societe Generale).

Management of OTC collateral is monitored on an ongoing basis in order to minimise operational risk:

- the exposure value of each collateralised transaction is certified on a daily basis;
- specific controls are conducted to make sure the process goes smoothly (settlement of collateral, cash or securities; monitoring of suspended transactions, etc.);
- all outstanding secured transactions are reconciled with those of the counterparty according to a frequency set by the regulator (mainly on a daily basis) in order to prevent and/or resolve any disputes on margin calls;
- any legal disputes are monitored daily and reviewed by a committee.

In addition, the European Market Infrastructure Regulation (EMIR) published in 2012 established new measures aimed at improving the stability and transparency of this derivatives market. Specifically, EMIR requires the use of central counterparties for products deemed sufficiently liquid and standardised, the reporting of all transactions in derivative products to a trade repository, and the implementation of risk mitigation procedures (e.g. exchange of collateral, timely confirmation, portfolio compression[3], etc.) for OTC derivatives not cleared by central counterparties. Some of these measures are already in effect (portfolio reconciliation, dispute resolution, first clearing obligation), while others are expected to come into force in 2015. As of 31 December 2014, 21% of the OTC transactions (amounting to 52% of the nominal) are cleared through clearing houses.

[2] Excluding OTC deals cleared in Clearing Houses

[3] Process which consists of i) the identification of deals whose risks can be offset and ii) their replacement by a smaller number of transactions, while keeping the same residual exposure

2.3.4. Credit insurance

In addition to using export credit agencies (for example Coface and Exim) and multilateral organisations (for example the EBRD), Societe Generale has been developing relationships with private insurers over the last several years in order to hedge some of its loans against commercial and political non-payment risks.

This activity is performed within a risk framework and monitoring system validated by the Group's General Management. This system is based on an overall limit for the activity, along with sub-limits by maturity, and individual limits for each insurance counterparty which must meet strict eligibility criteria.

2.4. CREDIT PORTFOLIO ANALYSIS

2.4.1 Breakdown of on-balance-sheet credit portfolio

Outstanding loans in the on-balance-sheet credit portfolio could be broken down as follows as at 31 December 2014:

	31 December 2014				31 December 2013*			
(In billions of euros)	Debt instruments (1)	Customer loans (2)	Due from banks	Total	Debt instruments (1)	Customer loans (2)	Due from banks	Total
Outstanding performing assets	132.75	345.31	48.56	526.62	117.43	333.75	49.63	500.81
of which including past due amount	-	*5.94*	*0.05*	*5.99*	-	*6.81*	*0.05*	*6.86*
Impaired loans and advances	0.41	25.69	0.09	26.19	0.63	27.55	0.16	28.35
Total gross outstanding loans	**133.16**	**371.00**	**48.65**	**552.81**	**118.06**	**361.31**	**49.79**	**529.16**
Impairment	(0.27)	(16.01)	(0.03)	(16.31)	(0.13)	(16.71)	(0.03)	(16.87)
Revaluation of hedged items	-	0.59	0.04	0.63	-	0.40	0.03	0.43
Total net outstanding loans	**132.89**	**355.58**	**48.66**	**537.12**	**117.93**	**344.99**	**49.79**	**512.72**
Loans secured by notes and securities, and securities purchased under resale agreement	-	14.79	32.05	46.84	-	15.40	25.62	41.02
Total	**132.89**	**370.37**	**80.71**	**583.96**	**117.93**	**360.39**	**75.42**	**553.74**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS10 and IFRS 11 (see Note 2).
(1) Debt instruments include available-for-sale and held-to-maturity assets.
(2) Including Lease Financing.

Outstanding performing assets with past due amounts account for 1.5% of unimpaired on-balance sheet assets excluding debt instruments and including loans that are past due for technical reasons. The amount is stable compared to 31 December 2013 (1.8% of outstanding performing assets excluding debt/securities).

2.4.2. Information on risk concentration

The measurement used for outstanding loans in this section is EAD - Exposure At Default (on-balance sheet and off-balance sheet), excluding fixed assets, equity investments and accruals. EAD under Standard Approach is calculated net of collateral.

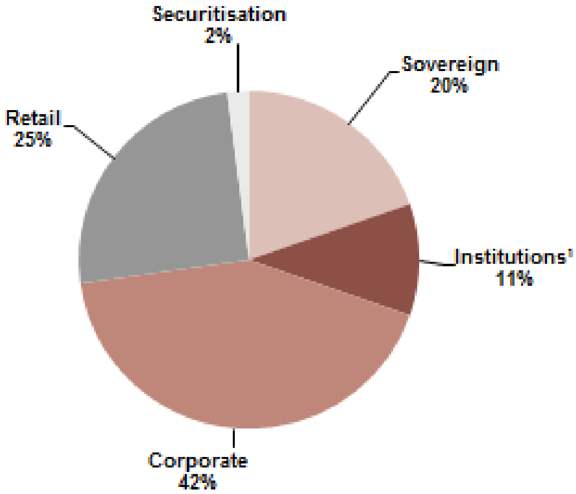
At 31 December 2014, the Group's Exposure at Default amounted to EUR 722 billion (including on-balance sheet assets of EUR 550 billion).

Societe Generale proactively manages its risk concentrations, both at the individual and portfolio levels (geographic or industry concentration).

Individual concentration is managed upon approval of the loan and throughout its life. The counterparties representing the bank's most significant exposures are regularly reviewed by the General Management.

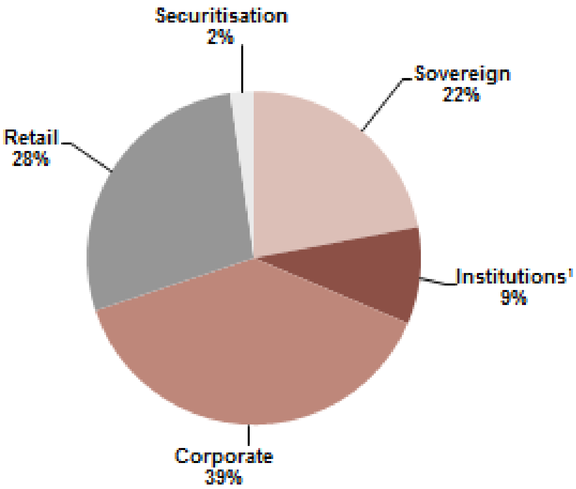
Global portfolio analyses, as well as geographic and sector analyses, are performed and periodically presented to the General Management.

CREDIT RISK EXPOSURE BY EXPOSURE CLASS AS AT 31 DECEMBER 2014
On-balance sheet and off-balance sheet commitments (EUR 722 billion in EAD)



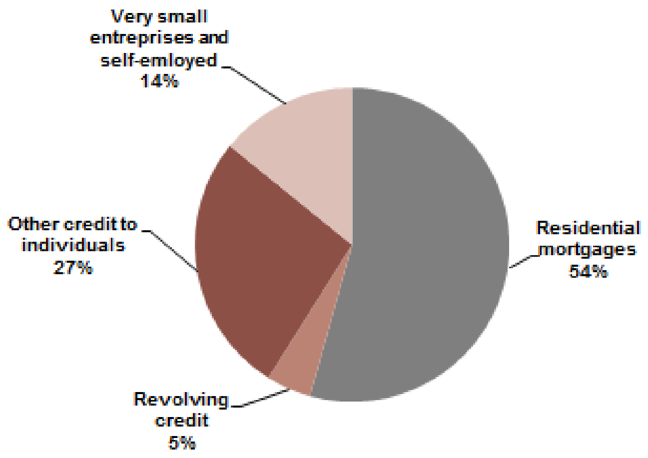
(1) Institutions: Basel classification covering banks and public sector entities.

CREDIT RISK EXPOSURE BY EXPOSURE CLASS AS AT 31 DECEMBER 2013
On-balance sheet and off-balance sheet commitments (EUR 650 billion in EAD)

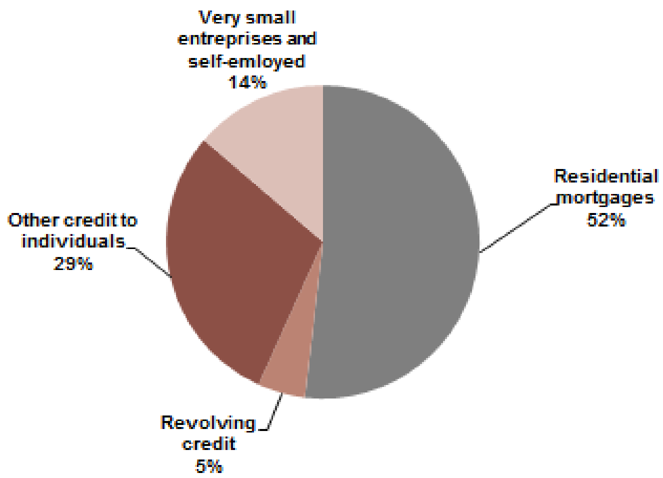


(1) Institutions: Basel classification covering banks and public sector entities.

RETAIL CREDIT RISK EXPOSURE BY CLASS AS AT 31 DECEMBER 2014
On-balance sheet and off-balance sheet commitments (EUR 179 billion in EAD)

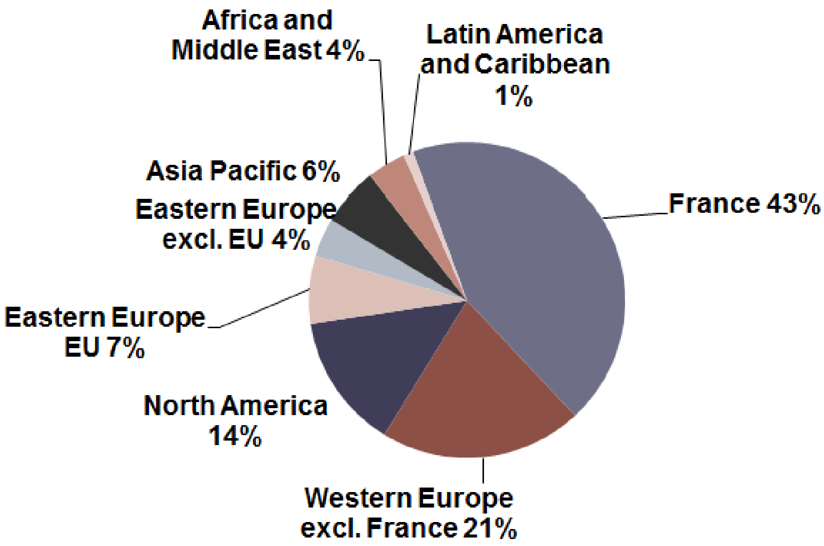


RETAIL CREDIT RISK EXPOSURE BY CLASS AS AT 31 DECEMBER 2013
On-balance sheet and off-balance sheet commitments (EUR 181 billion in EAD)



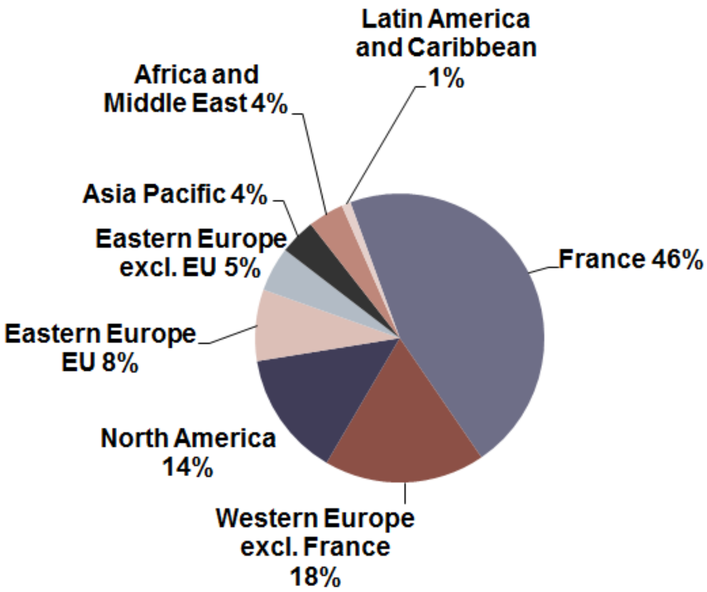
GEOGRAPHIC BREAKDOWN OF GROUP CREDIT RISK OUTSTANDING AS AT 31 DECEMBER 2014 (ALL CUSTOMER TYPES INCLUDED)

On-balance sheet and off-balance sheet commitments (EUR 722 billion in EAD)



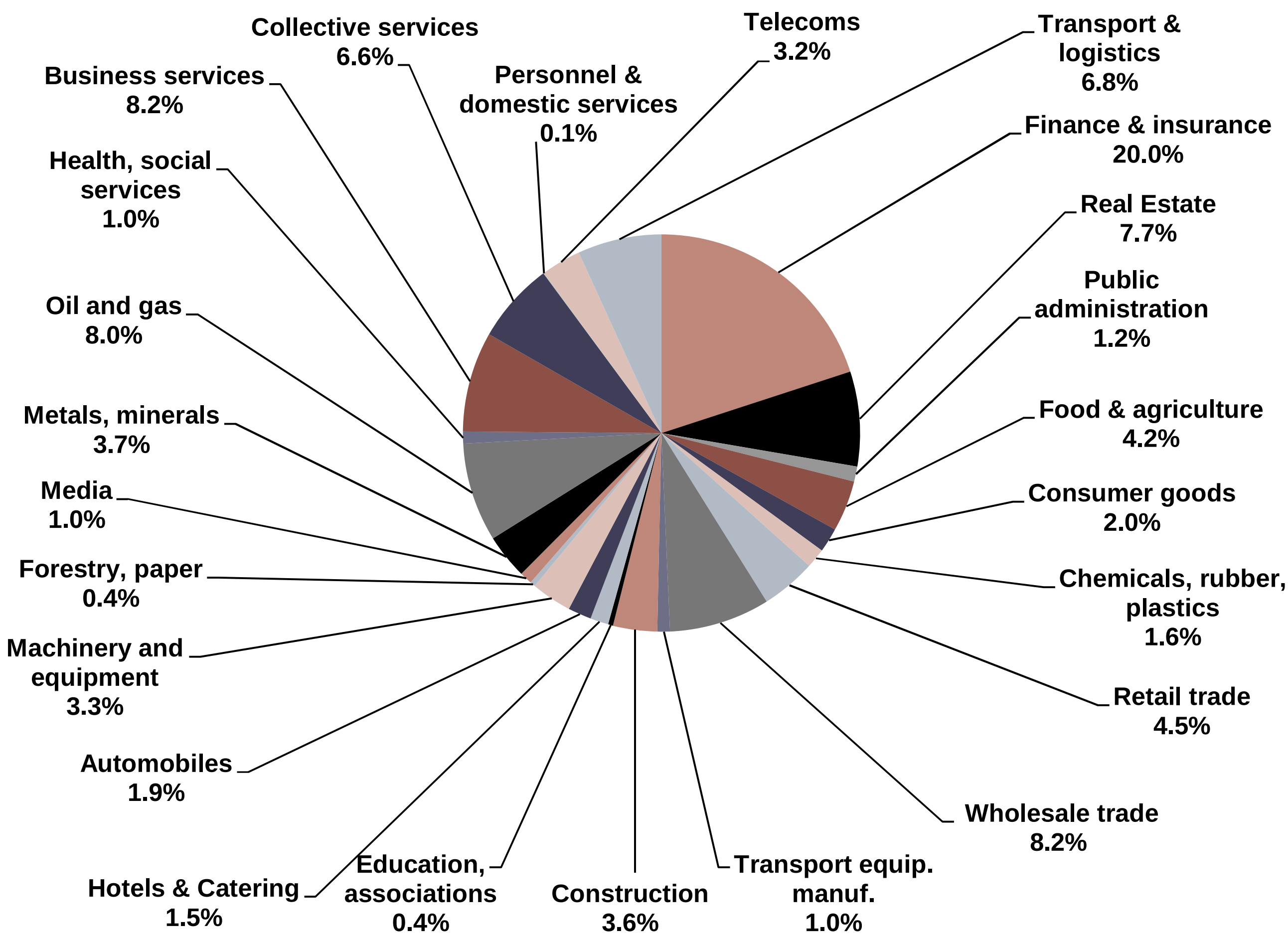
GEOGRAPHIC BREAKDOWN OF GROUP CREDIT RISK OUTSTANDING AS AT 31 DECEMBER 2013 (ALL CUSTOMER TYPES INCLUDED)

On-balance sheet and off-balance sheet commitments (EUR 650 billion in EAD)



At 31 December 2014, 86% of the Group's on and off-balance sheet outstanding loans were concentrated in the major industrialised countries. More than 43% of the EAD concerned French customers (25% non-retail customers and 18% individual customers).

SECTOR BREAKDOWN OF GROUP CORPORATE CREDIT RISK OUTSTANDING AT 31 DECEMBER 2014 (BASEL CORPORATE PORTFOLIO, EUR 300 BILLION IN EAD)



The Group's Corporate portfolio (Large Corporates, SMEs and Specialised Financing) is highly diversified in terms of sectors.

At 31 December 2014, the Corporate portfolio amounted to EUR 300 billion (on and off-balance sheet outstanding measured in EAD). Only the Finance and Insurance sector accounts for more than 10% of the portfolio. The Group's commitments to its ten largest corporate counterparties account for 7% of this portfolio.

2.4.3. Loans and advances past due but not individually impaired

(In billions of euros)	31 December 2014 Loans and advances to customers	31 December 2014 Loans and advances to Banks	31 December 2014 % of Gross outstanding loans	31 December 2013 Loans and advances to customers	31 December 2013 Loans and advances to Banks	31 December 2013 % of Gross outstanding loans
Amounts including past due less than 91 days old	5.38	0.04	91%	6.17	0.05	91%
Of which less than 31 days old	*3.26*	*0.01*	*54%*	*4.31*	*0.04*	63%
Amounts including past due between 91 and 180 days old	*0.29*	*0.01*	*5%*	*0.34*		5%
Amounts including past due over 180 days old	0.27	0.00	4%	0.30		4%
Total	**5.94**	**0.05**	**100%**	**6.81**	**0.05**	100%

The amounts presented in the table above include loans and advances that are past due for technical reasons, which primarily affect the "less than 31 days old" category. Loans past due for technical reasons are loans that are classified as past due on account of a delay between the value date and the date of recognition in the customer account.

Total declared past due loans not individually impaired included all receivables (outstanding principal, interest and past due amounts) with at least one recognised past due amount. These outstanding loans can be placed on a watch list as soon as the first payment is past due.

2.4.4. Restructured debt

For Societe Generale, "restructured" debt refers to loans whose amount, term or financial conditions have been contractually modified due to the borrower's insolvency (whether insolvency has already occurred or will definitely occur unless the debt is restructured).

Restructured debt does not include commercial renegotiations involving customers for which the bank has agreed to renegotiate the debt in order to retain or develop a business relationship, in accordance with credit approval rules in force and without giving up any of the principal or accrued interest.

Any situation leading to debt restructuring entails placing the customers in question in the Basel default category and classifying the loans themselves as impaired.

The customers whose loans have been restructured are kept in the default category, as long as the bank remains uncertain of their ability to meet their future commitments and for a minimum of one year.

Restructured debt totaled EUR 8.3 billion at 31 December 2014.

2.4.5. Guarantees and collateral

The amount of guarantees and collateral is capped at the amount of outstanding loans, i.e. EUR 221 billion at 31 December 2014, of which EUR 111.5 billion for retail customers and EUR 109.5 billion for non-retail customers (versus EUR 89.4 billion and EUR 48.5 billion, respectively, at 31 December 2013). This is the amount used in the calculation of impairment. Guarantees and collateral received for outstanding loans not individually impaired amounted to EUR 2.15 billion at 31 December 2014 (of which EUR 1.25 billion for retail customers and EUR 0.90 billion for non-retail customers). Guarantees and collateral received for individually impaired loans amounted to EUR 5.74 billion at 31 December 2014 (of which EUR 1.96 billion for retail customers and EUR 3.78 billion for non-retail customers). These amounts are capped at the amount of outstanding individually impaired loans.

2.5. IMPAIRMENT

Impairments include specific impairments, which cover counterparties in default and groups of homogeneous assets, which cover performing loans.

2.5.1. Specific impairment

Decisions to book specific impairments on certain counterparties are taken where there is objective evidence of default. The amount of impairment depends on the probability of recovering the amounts due. The expected cash flows are based on the financial position of the counterparty, its economic outlook and the guarantees called up or that may be called up.

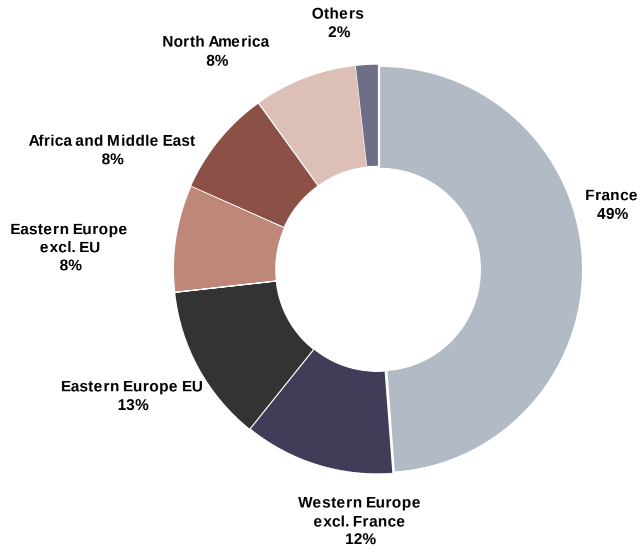
A counterparty is deemed to be in default when at least one of the following conditions is confirmed:

- a significant decline in the counterparty's financial situation leads to a high probability of said counterparty being unable to fulfill its overall commitments (credit obligations) hence a risk of loss to the bank whether or not the debt is restructured; and/or
- regardless of the type of loan (real estate or other) one or more past due at least 90 days were recorded (with the exception of restructured loans on probation, which are considered in default at first missed payment) and/or a recovery procedure is started, and/or
- a legal proceeding such as a bankruptcy, legal settlement or compulsory liquidation is in progress; and/or
- the debt was restructured less than one year previously.

The Group applies the default contagion principle to all of a counterparty's outstanding loans. When a debtor belongs to a group, all of the group's outstanding loans are generally defaulted as well.

As at 31 December 2014, impaired outstanding loans amounted to EUR 25.8 billion (EUR 27.8 billion as at 31 December 2013). They can be broken down as follows:

GEOGRAPHIC BREAKDOWN OF IMPAIRED OUTSTANDING LOANS AT 31 DECEMBER 2014



As at 31 December 2013, impaired outstanding loans were broken down as follows: 43% France, 12% Western Europe, 14% Eastern Europe EU, 11% Eastern Europe, 11% North America, 6% Africa and Middle East, 2% Asia and 1% Latin America and Caribbean.

As at 31 December 2014, these loans were covered by specific provision amounting to EUR 14.8 billion against EUR 15.5 billion as at 31 December 2013.

2.5.2. Impairment on groups of homogenous assets

Impairment on groups of homogenous assets are collective impairments booked for portfolios that are homogenous and have a deteriorated risk profile although no objective evidence of default can be observed at an individual level.

These homogeneous groups can include sensitive counterparties, industrial sectors or countries. They are identified through regular analyses of the portfolio by industrial sector, country or counterparty type.

These provisions are calculated on the basis of assumptions on default rates and loss given default. These assumptions are calibrated for each homogeneous group based on its specific characteristics, sensitivity to economic environment and historical data. They are reviewed periodically by the Risk Division.

As at 31 December 2014, provisions on groups of homogeneous assets amounted to EUR 1.26 billion versus EUR 1.21 billion as at 31 December 2013.

2.5.3. Impairment

Impairment on assets can be broken down as follows:

(In millions of euros	Amounts as at 31 December 2013*	Net impairment allowance	Reversal used	Exchange and scope effects	Amounts as at 31 December 2014
Specific impairments (Bank loan + Customer loan + lease financing)	**15,530**	2,368	(3,208)	95	**14,785**
Impairments on groups of homogenous assets	**1,212**	59	0	(15)	**1,256**
Impairments on available-for-sale assets and held to maturity securities, fixed income instruments	**130**	(17)	(19)	180	**274**
Other impairments	**222**	39	(40)	(19)	**202**
Total	**17,094**	**2,449**	**(3,267)**	**241**	**16,517**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS10 and IFRS 11 (see Note 2).

3. MARKET RISKS

Market risks are the risks of losses resulting from unfavorable changes in market parameters.

They concern all the trading book transactions as well as some of the banking book portfolios.

3.1. MARKET RISK MANAGEMENT STRUCTURE

Although primary responsibility for managing risk exposure lies with the front office managers, the supervision system is based on an independent structure, the Market Risk Department of the Risk Division.

The Department is in charge of:

- ensuring the existence and the implementation of an effective market risk framework based on suitable limits;
- approving the limit requests submitted by the different businesses within the framework of the overall limits set by the Board of Directors and the General Management, and based on the use of these limits;
- proposing appropriate market risks limits by Group activity to the Group Risk Committee;
- defining risk measurement methods, approving the valuation models used to calculate risks and results, and defining provisions for market risks (reserves and adjustments to earnings).

To carry out these different duties, the Market Risk Department uses the data and analysis provided by the Finance Department of GBIS (Global Banking and Investor Solutions), which monitors the Group's market positions on a permanent, daily and independent basis, notably via:

- daily calculation and certification of market risk indicators based on formal and secure procedure;
- reporting and first-level analysis of these indicators;
- daily monitoring of the limits set for each activity, in conjunction with the Market Risk Department;
- verification of the market parameters used to calculate risks and results in line with the methodologies defined

by the Market Risk Department;

- monitoring and control of the gross nominal value of positions. This system is based on alert levels applied to all instruments and desks which are defined in collaboration with the Market Risk Department, and contributes to the detection of possible rogue trading operations.

Accordingly, the Finance Department of GBIS, in conjunction with the Market Risk Department, defines the architecture and functionalities of the information system used to produce the risk indicators for market operations to ensure it meets the needs of the different business lines.

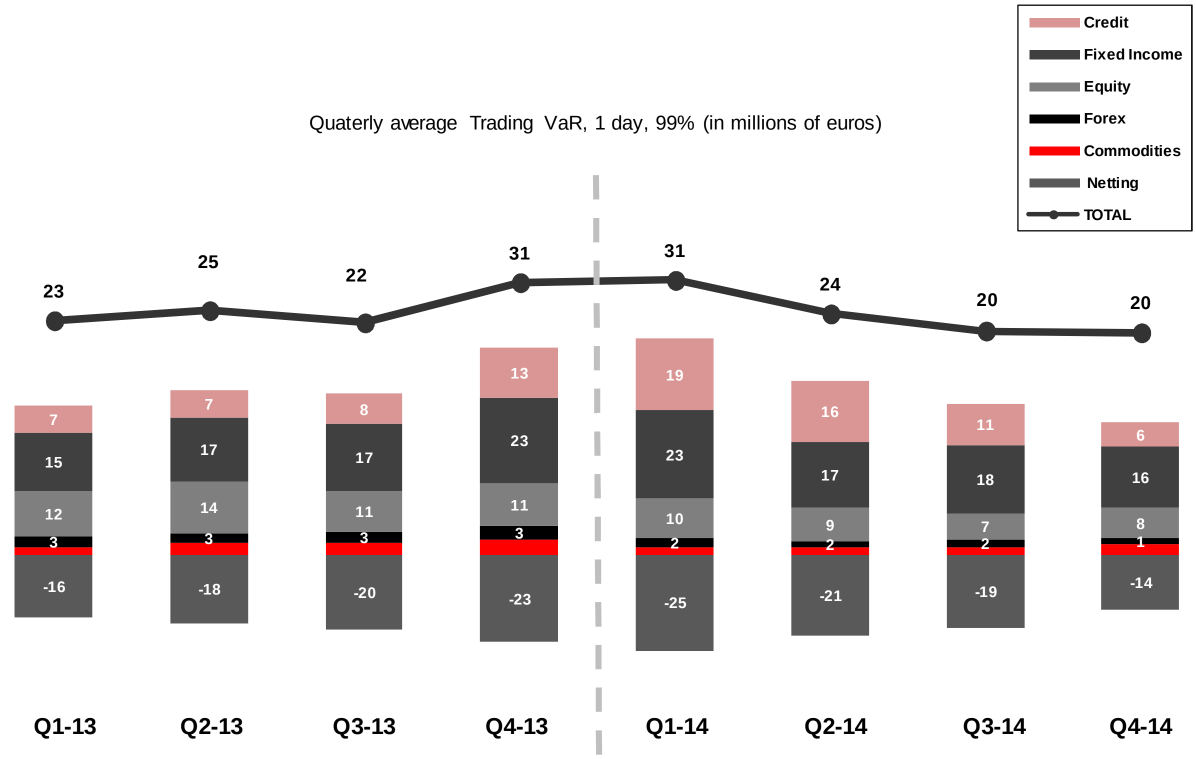
A daily report on use of limits of VaR (Value at Risk), stress tests (extreme *scenarios*) and other major market risks metrics (sensitivity, nominal, *etc*) at various level (Societe Generale, Global Banking and Investor solutions, Global Markets) is submitted to the General Management and the managers of the business lines, in addition to a monthly report which summarises the key events in the area of market risk management.

3.2. METHODS FOR MEASURING MARKET RISK AND DEFINING EXPOSURE LIMITS

The Group's market risk assessment is based on three main indicators, which are monitored through limits:

- the 99% Value-at-Risk (VaR) method: in accordance with the regulatory internal model, this global indicator is used for the day-to-day monitoring of the market risks incurred by the Bank, within the scope of its trading activities;
- a stress test measurement, based on a decennial shock-type indicator. Stress test measurements help restrict and monitor the Group's exposure to systemic risk and exceptional market shocks;
- complementary metrics (sensitivity, nominal, concentration or holding period, *etc*.), which ensure consistency between the overall risk limits and the operational thresholds used by the front office. In accordance with CRD 3 (Capital Requirement Directive), the following indicators are also calculated on a weekly basis: stressed VaR, IRC (Incremental Risk Charge) and CRM (Comprehensive Risk Measure). The capital charges arising from these internal models complement VaR by taking into account rating migration risks and default risks, and limit the procyclical nature of capital requirements.

BREAKDOWN BY RISK FACTOR OF TRADING VAR - CHANGES IN QUARTERLY AVERAGE OVER THE 2013-2014 PERIOD (IN MILLIONS OF EUROS)



3.2.1. Average VaR

Average VaR amounted to EUR 24 million for 2014 compared to EUR 25 million in 2013. VaR, which on average remained low throughout 2014, was subject to the following changes:

- in January, VaR remained at high levels running on from the risk-on trend observed in H2-13 in a context of favorable market conditions
- then the return of uncertainties in February/March (tensions in emerging countries, Ukraine crisis) led to more defensive positions and a gradual VaR reduction, amplified during the summer following the exit from the VaR computation window of the volatile scenarios of spring 2013, mainly impacting the rate perimeter.
- Overall,VaR levels remained globally low from June to December and stabilised in the EUR 20-25 million range. The main contributor was the fixed income flow business, while some occasional peaks were due to the equity flow business, notably in June. This low VaR level was mainly due to the absence of volatile scenarios in the current computation window (except some year-end scenarios whose impacts remained limited on average) and a reduction of positions starting in mid-October.

3.2.2. VaR calculation method

The Internal VaR Model was introduced at the end of 1996 and has been approved by the French regulator within the scope of the Regulatory Capital requirements.

The method used is the “historical simulation” method, which implicitly takes into account the correlation between all risk factors and is based on the following principles:

- storage in a database of the risk factors that are representative of Societe Generale’s positions (i.e. interest rates, share prices, exchange rates, commodity prices, volatility, credit spreads, *etc*.);
- definition of 260 *scenarios*, corresponding to one-day variations in these market parameters over a rolling one-year period;
- application of these 260 scenarios to the market parameters of the day;

- revaluation of daily positions, on the basis of the 260 sets of adjusted daily market parameters.

The 99% Value-at-Risk is the largest loss that would occur after eliminating the top 1% of the most adverse occurrences over a one-year historical period. Within the framework described above, it corresponds to the average of the second and third largest losses computed. The VaR assessment is based on a model and a certain number of conventional assumptions whose main limitations are as follows:

- by definition, the use of the 99% confidence interval does not take into account losses arising beyond this point; VaR is therefore an indicator of losses under normal market conditions and does not take into account exceptionally large fluctuations;
- VaR is computed using closing prices, so intra-day fluctuations are not taken into account;

The Risk Division's Market Risk Department mitigates the limitations of the VaR model by performing stress tests and other additional measurements.

In addition, the relevance of the model is checked through ongoing backtesting in order to verify whether the number of days for which the negative result exceeds the VaR complies with the 99% confidence interval.

Daily profit and loss used for backtesting includes in particular the change in value of the portfolio (book value) and the impact of new transactions and of transactions modified during the day (including their sales margins), refinancing costs, the various related commissions (brokerage fees, custody fees, *etc*.), as well as provisions and parameter adjustments made for market risk. Some components calculated at various frequencies (for example, some adjustments for market risk) are allocated on a daily basis.

3.2.3. Stressed VaR (SVaR)

In 2011, Societe Generale was authorised by the *Autorité de Contrôle Prudentiel et de Résolution (*ACPR - French Prudential and Resolution Supervisory Authority) to complement its internal models with the CRD3 measurements, in particular Stressed VaR, for the same scope as VaR.

The calculation method used is the same as under the VaR approach. It consists in carrying out an historical simulation with 1-day shocks and a 99% confidence interval. Contrary to VaR, which uses 260 scenarios for one-day fluctuations over a rolling one-year period, Stressed VaR uses a fixed one-year historical window corresponding to a period of significant financial tension.

The historical window, which is determined using a method approved by the regulator, captures significant shocks on all risk factors (risks related to equity, interest rates, foreign exchange rates and commodities). It is subject to an annual review.

3.2.4. Stress Test assessment

Alongside the internal VaR model, Societe Generale monitors its exposure using stress test simulations to take into account exceptional market occurrences.

A stress test estimates the loss resulting from an extreme change in market parameters over a period corresponding to the time required to unwind or hedge the positions affected (5 to 20 days for most trading positions).

This stress test risk assessment is applied to all of the Bank's market activities. It is based on a set of historical and theoretical scenarios that include the "Societe Generale Hypothetical Financial Crisis Scenario" (or "Generalised" scenario) based on the events observed in 2008. These scenarios apply shocks to all substantial risk factors including exotic parameters.

Together with the VaR model, this stress test risk assessment methodology is one of the main pillars of the risk management framework. The underlying principles are as follows:

- risks are calculated every day for each of the Bank's market activities (all products together), using the historical and hypothetical scenarios;
- stress test limits are established for the Group's activity as a whole and then for the Bank's various business lines. They frame the most adverse result arising from the set of historical and hypothetical scenarios.

The various stress test scenarios are revised and improved by the Risk Division on a regular basis, in conjunction with the Group's teams of economists and specialists. In 2013, this stress assessment was based on a set of 34 scenarios (26 historical scenarios and 8 hypothetical scenarios). In 2014, a thorough review of our global stress tests scenarios led to a reduction of their number from 34 to 18.

3.2.5. Historical Stress Tests

This method consists of an analysis of the major economic crises that have affected the financial markets since 1995 (the date from which the financial markets became global and subject to increased regulatory requirements): the changes in the prices of financial assets (equities, interest rates, exchange rates, credit spreads, *etc*.) during each of these crises have been analysed in order to define *scenarios* for potential variations in these risk factors which, when applied to the bank's trading positions, could generate significant losses. Applying this systematic approach during the 2014 review of the 26 historical scenarios previously in production led i) to keeping 3 historical scenarios and ii) to removing 19 historical scenarios not significant in terms of impact. Moreover, 4 other former historical scenarios, although not significant according to our systematic approach, but however deemed relevant because of the crises covered and the types of shock applied, were finally kept and reclassified as hypothetical scenarios.

3.2.6. Hypothetical Stress Tests

The hypothetical scenarios are defined with the Bank's economists and are designed to simulate the possible sequences of events that could lead to a major crisis in the financial markets (e.g. a major terrorist attack, political instability in the main oil-producing countries, *etc*.). The Bank's aim is to select extreme but plausible events which would have major repercussions on all the international markets. Societe Generale has therefore adopted 15 hypothetical scenarios.

4. STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

Structural exposure to interest rate risks encompasses exposures resulting from commercial activities and their hedging transactions as well as corporate centre for each of the Group's consolidated entities.

The interest rate and exchange rate risks linked to trading activities are excluded from the structural risk measurement scope as they belong to the category of market risks. Structural and market exposures constitute the total interest rate and exchange rate exposure of the Group.

The general principle is to reduce structural interest rate and exchange rate risks to the greatest extent possible within the consolidated entities. Wherever possible, commercial transactions must be hedged against interest rate and exchange rate risks, either through micro-hedging (individual hedging of each commercial transaction) or macro-hedging techniques (hedging of portfolios of similar commercial transactions within a treasury department). Interest rate and exchange rate risks linked to corporate centre must also be hedged as far as possible except for some foreign exchange positions kept to immunise the Core Tier 1 ratio.

4.1. ORGANISATION OF THE MANAGEMENT OF STRUCTURAL INTEREST RATE AND EXCHANGE RATE RISKS

The principles and standards for managing these risks are defined at the Group level. The entities are first and foremost responsible for managing these risks. The ALM (Asset and Liability Management) Risk Control Departments of the Group Business divisions conduct Level 2 controls of the entities' structural risk management.

The Group Finance Committee, a General Management body

- validates and oversees the structural risk monitoring, management and supervision system;
- reviews changes in the Group's structural risks through consolidated reporting by the Finance Division;
- examines and validates the measures proposed by the Group Finance Division.

The ALM Risk Control Department, which is part of the Finance Division, is responsible for

- defining the structural risk policies for the Group;
- defining the steering indicators and overall stress test scenarios of the different types of structural risks and setting the main limits for the business divisions and the entities;
- analysing the Group's structural risk exposure and defining hedging strategies;
- monitoring the regulatory environment concerning structural risk;
- defining the ALM principles for the Group;
- defining the normative environment of the structural risk metrics;
- validating the models used by the Group entities with regard to structural risks;
- inventorying, consolidating and reporting on Group structural risks;
- performing controls of structural risk limits.

The ALM Risk Control Department reports to the Chief Financial Officer of the Group and is functionally supervised by the Chief Risk Officer, to whom it reports its activities and who validates its working plan jointly with the Chief Financal Officer. The ALM Risk Control Department is integrated in the Group Risk function in accordance with the Decree of 3 November 2014 on internal control.

▪ Entities are responsible for structural risk management

In this respect, entities apply the standards defined at the Group level, develop their models, measure their risk exposure and implement the required hedges.

Each entity has its own structural risk manager, who reports to the entity's Finance Department and is responsible for conducting first level controls and for reporting the entity's structural risk exposure to the Group Finance Division via a shared IT system.

Retail banking entities both in France and abroad generally have an ad-hoc ALM (Asset Liability Management) Committee responsible for validating the models used, managing their exposures to interest rate and exchange rate risks and implementing hedging programs in compliance with the principles set out by the Group and the limits validated by the Finance Committee.

4.2. STRUCTURAL INTEREST RATE RISK

Structural interest rate risk is measured within the scope of structural activities (transactions with clients, the associated hedging transactions and corporate center) for each of the Group's entities.

Structural interest rate risk arises mainly from the residual gaps (surplus or deficit) in each entity's fixed-rate forecasted positions.

▪ Objective of the Group

The Group's main aim is to reduce each Group entity's exposure to structural interest rate risk as much as possible.

To this end, any residual structural interest rate risk exposure must comply with the sensitivity limits set for each entity and for the overall Group as validated by the Finance Committee. Sensitivity is defined as the variation in the net present value of future (maturities of up to 20 years) residual fixed-rate positions (surplus or deficit) for a 1% parallel increase in the yield curve (i.e. this sensitivity does not relate to the sensitivity of the annual net interest margin). The limit set at Group level is EUR 1 billion.

▪ Measurement and monitoring of structural interest rate risks

Societe Generale uses several indicators to measure its interest rate risk. The three most important indicators are:

- interest rate gap analysis (the difference between outstanding fixed-rate assets and liabilities by maturity): the schedule of fixed rate positions is the main indicator for assessing the characteristics of the hedging transactions required, it is calculated on a static basis;
- economic value sensitivity is a supplementary and synthetic indicator used to set limits for the entities. It is calculated as the sensitivity of the balance sheet 's economic value to variations in interest rates. This measurement is calculated for all currencies to which the Group is exposed;
- the net interest margin sensitivity to variations in interest rates in various stress scenarios takes into account the sensitivity generated by future commercial productions over a rolling three-year period. It is calculated on a dynamic basis.

In order to quantify its exposure to structural interest rate risks, the Group analyses all future fixed-rate assets and liabilities. These positions come from transactions remunerated or charged at fixed rates and from their maturities.

Assets and liabilities are analysed independently, without any a priori matching. The maturities of outstanding assets and liabilities are determined on the basis of the contractual terms of transactions, models based on historic customer behavior patterns (particularly for regulated savings accounts, prepayments, *etc*.), as well as conventional assumptions relating to certain balance sheet items (principally shareholders' equity and sight deposits).

Once the Group has identified its fixed-rate positions (surplus or deficit), it calculates the sensitivity (as defined above) to interest rate variations. This sensitivity is defined as the variation of the net present value of the fixed-rate positions for a 1% instantaneous parallel increase in the yield curve.

In addition to this analysis, the Group also analyses the sensitivity of its fixed-rate position to different yield curve configurations (steepening and flattening of the yield curve). The measurement of net interest income sensitivity is also used by the Group to quantify the structural interest rate risk of significant entities.

Throughout 2014, the Group's overall sensitivity to interest rate risk remained below 1.5% of Group regulatory capital and within the EUR 1 billion limit.

The following observations can be made with regard to the business lines' structural interest rate risk:

- within the Societe Generale French retail networks, the outstanding amounts of customer deposits, generally considered to be fixed-rate, exceed fixed-rate loans for maturities over 1 year. Operations of macro-hedging are set up, essentially through the use of interest rate swaps, in order to keep the French retail networks' sensitivity to interest rate risk (on the basis of the adopted scenarios) inside its limits. At end of December 2014, the sensitivity of the French retail networks' economic value, based on their essentially euro-denominated assets and liabilities, was EUR 76 million;
- transactions with large corporates are generally micro-hedged and therefore present no residual interest rate risk;
- transactions with clients of the Specialised Financial Services subsidiaries are generally macro-hedged and therefore present only a very low interest rate risk;
- client' transactions at our subsidiaries and branches located in countries with weak currencies can generate structural interest rate risk, which remains limited at the Group level. These entities may have problems in optimally hedging interest rate risk due to the weak development of the financial markets in some countries;
- proprietary transactions are well hedged. Residual positions are limited and arise primarily from shareholders' equity that has not been fully reinvested at expected maturities.

Sensitivity to interest rate variations of the Group's main entities amounted EUR 35 million as at 31 December 2014 (for a 1% parallel and instantaneous rise in the yield curve). These entities account for 90% of the Group's outstanding loans.

TABLE1: MEASUREMENT OF THE ENTITIES' SENSITIVITY TO A 1% INTEREST RATE SHIFT, AT 31 DECEMBER 2014, INDICATED BY MATURITY

(*In millions of euros*)

Less than one year	between 1 and 5 years	More than 5 years	**Total sensitivity**
77	(249)	207	35

4.3. STRUCTURAL EXCHANGE RATE RISK

Structural exchange rate risk is mainly caused by:

- foreign-currency denominated capital contributions and equity investments financed through the purchase of foreign currencies;
- retained earnings in foreign subsidiaries;
- investments made by some subsidiaries in a currency other than the one used for their equity funding for regulatory reasons.

Objective of the Group

The Group's policy is to immunise its Core Tier 1 ratio against fluctuations in its operating currencies. To this end, it may decide to purchase currencies to finance very long-term foreign currency-denominated investments, thus creating structural foreign exchange positions. Any differences in the valuation of these structural positions are subsequently booked as translation differences.

Measurement and monitoring of structural foreign exchange rate risks

The Group quantifies its exposure to structural foreign exchange rate risks by analysing all assets and liabilities denominated in foreign currencies, arising from commercial transactions and the corporate centre.

The Balance Sheet and Global Treasury Management Department monitors structural exchange rate positions and manages the immunisation of the solvency ratio to exchange rate fluctuations.

In 2014, the Group successfully neutralised the sensitivity of its Core Tier 1 ratio to currency fluctuations by monitoring the structural positions in these currencies (the sensitivity of the Core Tier 1 ratio is managed with limits per currency set according to the Group's risk appetite in these currencies).

4.4. HEDGING INTEREST RATE AND EXCHANGE RATE RISK

In order to hedge certain market risks inherent to Societe Generale's Corporate and Investment Banking arm, the Group has set up hedges which, in accounting terms, are referred to as fair value hedges or cash flow hedges depending on the risks and/or financial instruments to be hedged.

In order to qualify these transactions as accounting hedges, the Group documents said hedge transactions in detail, specifying the risk covered, the risk management strategy and the method used to measure the effectiveness of the hedge from its inception. This effectiveness is verified when changes in the fair value or cash flow of the hedged instrument are almost entirely offset by changes in the fair value or cash flow of the hedging instrument – the expected ratio between the two changes in fair value being within the range of 80%-125%. Effectiveness is measured each quarter on a prospective (discounted over future periods) and retrospective (booked in past periods) basis. Where the effectiveness falls outside the range specified above, hedge accounting is discontinued.

▪ Fair value hedging

Within the framework of its activities and in order to hedge its fixed-rate financial assets and liabilities against fluctuations in long-term interest rates (essentially loans/borrowings, securities issued and fixed-income securities), the Group enters into hedging transactions qualified as fair value hedges for accounting purpose, primarily using interest rate swaps.

The purpose of these hedges is to protect the Group against an adverse fluctuation of the fair value of an instrument which does not affect the income statement in principle but would do so if the instrument were derecognised from the balance sheet.

Prospective effectiveness is assessed via a sensitivity analysis based on probable market trends or via a regression analysis of the statistical relation (correlation) between certain components of the hedged and hedging instruments.

Retrospective effectiveness is assessed by comparing any changes in the fair value of the hedging instrument with any changes in the fair value of the hedged instrument.

▪ Cash flow hedging

Cash flow hedges on interest rates are used to hedge against the risk of fluctuation in the future cash-flows of a floating-rate financial instrument due to variation in market interest rates.

The purpose of these hedges is to protect the Group against adverse fluctuations in the future cash-flows of an instrument which would affect the income statement.

Societe Generale's Corporate and Investment Banking arm is exposed to future cash-flows variations by virtue of its short and medium-term financing needs. Its highly probable refinancing needs are determined according to the historical data drawn up for each activity and which reflects balance sheet assets. These data may be revised upwards or downwards depending on how management styles evolve.

The effectiveness of the hedge is assessed using the hypothetical derivative method, which consists in creating a hypothetical derivative which bears exactly the same characteristics as the instrument being hedged (in notional terms, in terms of the date on which the rates are reset, in terms of the rates themselves, *etc*.) but which works in the opposite way and whose fair value is nil when the hedge is set up, then comparing the expected changes in the fair value of the hypothetical derivative with those of the hedging instrument (sensitivity analysis) or performing a regression analysis on the prospective effectiveness of the hedge. Here, only any "over-hedging" is deemed ineffective.

The following table specifies the amount of cash flow that is subject to a cash flow hedge relationship (broken down by expected due date) and the amount of highly probable forecast transactions hedged.

(In millions of euros)	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	31 December 2014
Floating cash flows hedged	119	344	570	1,029	2,062
Highly probable forecast transaction	391	332	521	42	1,286
Other	74	281	32	-	386
Total flows covered by cash flow hedge	**584**	**957**	**1,123**	**1,071**	**3,734**

(In millions of euros)	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	31 December 2013
Floating cash flows hedged	160	745	968	1,276	3,149
Highly probable forecast transaction	100	275	427	(0)	802
Other	1	249	161	-	411
Total flows covered by cash flow hedge	**261**	**1,269**	**1,556**	**1,276**	**4,363**

Hedging of a net investment in a foreign company

The purpose of a hedge of a net investment in a foreign company is to protect against exchange rate risk.

The item hedged is an investment in a country whose currency differs from the Group's functional currency. The hedge therefore serves to protect the net position of a foreign subsidiary against an exchange rate risk linked to the entity's functional currency.

5. LIQUIDITY RISK

Liquidity risk is defined as the risk of not being able to meet cash flow or collateral requirements when they fall due and at a reasonable price.

The Group manages this exposure using a specific framework designed to manage liquidity risk both under normal day-to-day conditions and in the event of a potential liquidity crisis.

5.1. GOVERNANCE AND ORGANISATION

The principles and standards applicable to the management of liquidity risks are defined by the Group's governing bodies. The functions of the Group's governing bodies in the area of liquidity are listed below:

- The Group's Board of Directors:
  - establishes the level of liquidity-related risk tolerance as part of the Risk Appetite exercise, including the time period during which the Group can operate under conditions of stress ("survival horizon");
  - conducts an annual review of the liquidity risk management and oversight system;
  - meets regularly to examine the Group's liquidity risk situation;

- The Executive Committee:
  - sets liquidity limits for each pillar and major Group entity in accordance with the Group's risk appetite;
  - validates the Group's medium/long-term issuance program;
  - monitors compliance with liquidity limits for the Group and for each pillar;

- The Finance Committee:
  - meets every six weeks under the chairmanship of the Chairman and Chief Executive Officer or a Deputy Chief Executive Officer with the representatives from the Risk Division and pillars;
  - oversees liquidity risk management, by delegation from the Group's Executive Committee;
  - monitors compliance with liquidity limits for the Group and for each pillar, and validates remedial action plans in the event that liquidity limits are exceeded;
  - examines the supervision of the Group's structural risks;
  - examines and validates the measures advocated by the Departments.

The pillars and major Group entities manage liquidity under the direct supervision of the Group Finance Division. The other operating entities are responsible for managing their own liquidity and for complying with applicable regulatory constraints, under the supervision of the pillar to which they report. The entities submit reports on their structural liquidity risk to the Group via a shared IT system.

The Group Finance Division provides liquidity risk management, steering and monitoring via three distinct departments in compliance with the principles advocating a separation of risk steering, execution and control functions.

- The Strategic and Financial Steering Department, responsible for:
  - establishing the Group's liquidity framework in compliance with its strategic objectives, regulatory requirements and market expectations;
  - ensuring that liquidity oversight is in line with the Group's other objectives in the areas of profitability and scarce resources;
  - establishing targets and limits for the pillars and monitoring their compliance;
  - monitoring the regulatory environment and developing oversight standards for the pillars.

- The Balance Sheet and Global Treasury Management Department, responsible for:
  - execution the Group's short-term and long-term funding plan;
  - supervising and coordinating the Group's Treasury functions;
  - providing market monitoring and providing its operational expertise when establishing targets in the area of liquidity steering;
  - managing the collateral used in refinancing operations (Central Banks, covered bonds, securitisation, secured funding);
  - managing the Group's central funding department (management of liquidity and regulatory capital within the Group), including the internal liquidity grids

- The Structural Risk Monitoring and Control Department, responsible for:
  - supervising and managing the structural risks (interest rates, foreign exchange rates, liquidity) to which the Group is exposed;
  - in particular, monitoring structural risk models, in view of established methodologies and principles, monitoring compliance with limit restrictions and management practices by the divisions, business lines and entities of the Group;
  - reporting hierarchically to the Chief Financial Officer and reporting functionally to the Group Chief Risk Officer.

In addition, several Risk Division departments contribute, together with the Finance Division, to the operational supervision of liquidity risk. Their actions are coordinated by the Cross-Business Risk Monitoring Department under the Group Chief Risk Officer. Specifically, they relate to:

- the independent review of capital market models;
- the validation of all the Group's liquidity models within the framework of centralised governance;
- the examination of requests for risk limits relating to liquidity risk metrics and the monitoring of any limit breaches.

5.2. LIQUIDITY RISK MANAGEMENT

The Group's primary objective is to ensure the funding of its activities in the most cost-effective way by managing liquidity risk by adhering to regulatory limits. The aim of the liquidity steering system is to provide balance sheet oversight centred on a target asset and liability structure that is consistent with the risk appetite defined by the Board of Directors.

- the asset structure should allow the businesses to develop their activities in a way that is liquidity-efficient and compatible with the target liability structure. This development must comply with the liquidity gaps defined at the Group level (under static and stress scenarios) as well as regulatory requirements.

- the liability structure is based on the ability of the businesses to collect financial resources from customers and the ability of the Group to sustainably raise financial resources on the markets, in accordance with its risk appetite.

This steering system is based on the measurement and supervision of the businesses' liquidity gaps under reference and stress scenarios, their Group funding needs, the funds raised by the Group on the market, the eligible assets and the businesses' contribution to regulatory ratios.

- the businesses must observe zero or low static liquidity gaps within the operating limits of their activities through a back-to-back with the Group's Central Treasury, which can, if needed, run a transformation/antitransformation position, and manage it within the framework of the established risk limits.

- internal liquidity stress tests, established on the basis of systemic, specific and combined scenarios, are controlled at the Group level. They are used to ensure compliance with the survival horizon established by the Board of Directors and to calibrate liquidity reserves. They are accompanied by a Contingency Funding Plan that lays out measures to be taken in the event of a liquidity crisis.

  The Group's liquidity reserve consists of cash at central banks and assets that can be used to meet treasury outflows under a stress scenario. The reserve assets are available, i.e. not used as a guarantee or as collateral on any transaction. They are included in the reserves after application of a haircut to reflect their expected valuation under stress. The Group's liquidity reserve contain assets that can be freely transferred within the Group or used to meet liquidity outflows at the subsidiary level in the event of a crisis.

  The composition of the liquidity reserves is reviewed regularly by a special committee comprising the Finance Division, the Risk Division and the Management of the GBIS pillar, and is adjusted by delegation from the Finance Committee.

- the funding needs of businesses (short-term and long-term) are determined on the basis of the franchises' development objectives and in line with the Group's fundraising targets and capabilities.

- a long-term funding plan, which complements the resources raised by the pillars, is designed to ensure the repayments of upcoming maturities and finance the growth of the businesses. It takes into account the Group's investment capabilities and aims to optimise the cost of fundraising while complying with limits in terms of market concentration. Diversification in terms of issuers and investor pools is also examined and managed.

  Regarding the assets pledged as collateral in the framework of collateralised financing, with respect to market financing, the Group remains attentive to the proportion of collateralised financing and the associated overcollateralisation ratio. The objective is to optimise the use of collateral available within the Group, comply with existing obligations and reduce the overall refinancing cost.

- the Group's short-term resources are designed to finance the short-term needs of the businesses over periods appropriate to their management and in line with market concentration limits. As outlined above, they are proportioned under the asset liquidity reserve on the basis of the established stress survival horizon as well as the Group's LCR target (see below).

- the Group's steering takes into account compliance with target regulatory ratios, the framework for the businesses being based on their contribution to these ratios.

  The main ratio is the "Liquidity Coverage Ratio" (LCR), recommended by the Basel Committee at an international level. The definition of the LCR was finalised in a Delegated Act adopted by the European Commission on 10 October 2014, based on technical standards issued by the European Banking Authority (EBA). The aim of the ratio is to ensure that banks have a adequate safety buffer consisting of liquid or cash assets to withstand severe stress involving a combination of a market crisis and a specific crisis, for duration of one month. The minimum ratio will be set at 60% on 1 October 2015, reaching 100% on 1 January 2018. At 31 December 2014, the Group's LCR was above 100%.
  The Group liquidity position in terms of ACPR ratio (defined in the framework of the current French regulation) was also well in excess of the minimum requirement of 100% throughout the whole of 2014.

Finally, liquidity is framed in terms of cost via the Group's internal transfer pricing scheme. Funding allocated to the businesses is charged to them based on scales that must reflect the liquidity cost for the Group. This system is aimed at optimising the use of external financing sources by businesses and is used to steer financing balances on the balance sheet.

Societe Generale has undertaken a specific review of its liquidity risks and believes that it is able to meet its upcoming maturities.

6. CAPITAL MANAGEMENT AND COMPLIANCE WITH REGULATORY RATIOS

6.1. DESCRIPTION OF THE APPROACH TO CAPITAL MANAGEMENT

Group policy on the use of shareholders' equity meets the following three priorities: for a given market capitalisation target, 1) to ensure internal growth, 2) to manage and optimise the Group's business portfolio and 3) to maintain a clear and consistent policy with respect to its shareholders (principally on matters of dividend pay-outs).

To this end, Societe Generale Group establishes a capital target based on a combination of factors specific to the Group (target rating, business mix, risk profile and Group strategy) and external factors (competitors' level of shareholders' equity, market expectations, minimum capitalisation expected by the supervisory authorities). Capital is also proportioned to cover extreme losses calculated through global stress tests taking into account the Group's entire risk profile and allowing the measurement of its resilience to macroeconomic crisis scenarios.

This target is maintained through financial planning, which consists in simulating the balance of resources in relation to capital requirements and capital transactions. Capital management is monitored through data collected within the framework of the Group budget and strategic plan, which are periodically updated.

6.2. COMPLIANCE WITH REGULATORY RATIOS

Basel 3 reforms are being implemented in the European Union through the Capital Requirements Regulation (CRR) and Capital Requirements Directive 4 (CRD 4) which came into effect on 1 January 2014.The solvency ratio complies with the calculation methods established by the CRR and complemented by the European Banking Authority (EBA) regulatory technical standards (RTS), including the draft RTS on prudent valuation (PVA RTS). This ratio is based on the Group's consolidated banking activities, thus eliminating the contributions of the insurance entities.

Prudential capital is comprised of the following: Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2. Basel 3 introduced new deductions to be made for the most part from Common Equity Tier 1.

The solvency ratio represents the level of capital in reserve on a permanent basis, in order to cover all the risks to which Societe Generale Group is exposed. The minimum capital requirement is 8% (which is of 4% on CET1 and of 5.5% on Tier 1 for 2014) of risks expressed as risk-weighted assets for credit risks and as capital requirements multiplied by 12.5 for market risks and operational risks, calculated using internal models for which Societe Generale obtained authorisation from the French Banking Commission (*Commission Bancaire*) in 2007.

During 2014, Societe Generale Group complied with all of the prudential solvency ratios applicable to its activities.

6.3. ASSET QUALITY REVIEW BY THE EUROPEAN CENTRAL BANK

Over the course of 2014, the European Central Bank (ECB) conducted an Asset Quality Review and Stress Tests which the largest European banks have had to undergo prior to the ECB's single supervisory mechanism in the eurozone. The results of this review were published by the ECB and the EBA on 26 October 2014.

The ECB and French Prudential Supervision and Resolution Authority (ACPR) first carried out an in-depth review of the bank's accounting methodologies. The regulators subsequently selected and reviewed nearly half the Group's exposures using a methodology specific to the ECB, determined for the purposes of the exercise, covering principally the provisioning of credit risks and the valuation of market risks.

This review had no material impact on the Group's financial statements and in the rules applied by the Group for the valuation and presentation of these consolidated financial statements.

Note 5

CASH, DUE FROM CENTRAL BANKS

(In millions of euros)	**31 December 2014**	**31 December 2013***
Cash	2,740	2,741
Due from central banks	54,325	63,857
Total	**57,065**	**66,598**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

Note 6

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(In millions of euros)	31 December 2014				31 December 2013*			
	Valuation on the basis of quoted prices in active markets (L1)(2)	Valuation using observable inputs other than quoted prices included in L1 (L2)(2)	Valuation using mainly inputs that are not based on observable market data (L3)(2)	Total	Valuation on the basis of quoted prices in active markets (L1)(2)	Valuation using observable inputs other than quoted prices included in L1 (L2)(2)	Valuation using mainly inputs that are not based on observable market data (L3)(2)	Total
Trading portfolio								
Bonds and other debt securities	59,216	7,661	857	67,734	72,918	2,458	480	75,856
Shares and other equity securities (1)	84,971	5,193	-	90,164	111,149	4,399	1	115,549
Other financial assets	18	120,861	343	121,222	2	89,172	303	89,477
Sub-total trading portfolio	**144,205**	**133,715**	**1,200**	**279,120**	**184,069**	**96,029**	**784**	**280,882**
o/w securities on loan				*11,001*				*30,754*
Financial assets measured using fair value option through P&L								
Bonds and other debt securities	9,890	126	66	10,082	8,264	41	70	8,375
Shares and other equity securities (1)	15,135	731	205	16,071	11,499	862	216	12,577
Other financial assets	-	14,659	550	15,209	-	14,831	198	15,029
Separate assets for employee benefit plans	-	275	-	275	-	177	-	177
Sub-total of financial assets measured using fair value option through P&L	**25,025**	**15,791**	**821**	**41,637**	**19,763**	**15,911**	**484**	**36,158**
o/w securities on loan				-				-
Trading derivatives								
Interest rate instruments	**27**	**142,083**	**2,401**	**144,511**	**98**	**105,900**	**1,920**	**107,918**
Firm instruments								
Swaps				104,331				80,065
FRA				726				99
Options								
Options on organised markets				178				35
OTC options				32,724				20,552
Caps, floors, collars				6,552				7,167
Foreign exchange instruments	**848**	**22,039**	**112**	**22,999**	**389**	**17,244**	**33**	**17,666**
Firm instruments				*17,589*				*13,295*
Options				*5,410*				*4,371*
Equity and index instruments	**292**	**22,734**	**477**	**23,503**	**28**	**21,623**	**414**	**22,065**
Firm instruments				*1,628*				*1,778*
Options				*21,875*				*20,287*
Commodity instruments	**-**	**8,526**	**370**	**8,896**	**-**	**3,267**	**226**	**3,493**
Firm instruments-Futures				*6,613*				*2,787*
Options				*2,283*				*706*
Credit derivatives	**-**	**9,446**	**116**	**9,563**	**38**	**10,117**	**440**	**10,595**
Other forward financial instruments	**8**	**222**	**78**	**308**	**11**	**224**	**100**	**335**
On organised markets				*163*				*162*
OTC				*145*				*173*
Sub-total trading derivatives	**1,175**	**205,050**	**3,554**	**209,779**	**564**	**158,375**	**3,133**	**162,072**
Total financial instruments at fair value through P&L(3)	**170,405**	**354,556**	**5,575**	**530,536**	**204,396**	**270,315**	**4,401**	**479,112**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(1) Including UCITS.

(2) See Note 3 for valuation level defintions.

(3) O/w EUR 118,870 million in securities purchased under resale agreements at 31 December 2014 versus EUR 88,768 million at 31 December 2013*.

Note 6 (continued)

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2014				31 December 2013*			
(In millions of euros)	Valuation on the basis of quoted prices in active markets (L1)(4)	Valuation using observable inputs other than quoted prices included in L1 (L2)(4)	Valuation using mainly inputs that are not based on observable market data (L3)(4)	Total	Valuation on the basis of quoted prices in active markets (L1)(4)	Valuation using observable inputs other than quoted prices included in L1 (L2)(4)	Valuation using mainly inputs that are not based on observable market data (L3)(4)	Total
Trading portfolio								
Debt securities issued	67	9,579	8,298	17,944	-	13,797	9,904	23,701
Amounts payable on borrowed securities	4,203	50,728	-	54,931	44,229	56,570	13	100,812
Bonds and other debt instruments sold short	3,133	7	3	3,143	4,733	17	-	4,750
Shares and other equity instruments sold short	1,584	-	2	1,586	1,155	-	2	1,157
Other financial liabilities	3	142,955	256	143,214	-	98,996	120	99,116
Sub-total trading portfolio(6)	**8,990**	**203,269**	**8,559**	**220,818**	**50,117**	**169,380**	**10,039**	**229,536**
Trading derivatives								
Interest rate instruments	**45**	**142,638**	**2,341**	**145,024**	**76**	**102,785**	**1,856**	**104,717**
Firm instruments								
Swaps				102,317				75,236
FRA				843				177
Options				-				-
Options on organised markets				186				25
OTC options				34,372				21,292
Caps, floors, collars				7,306				7,987
Foreign exchange instruments	**1,103**	**22,709**	**50**	**23,862**	**320**	**18,636**	**162**	**19,118**
Firm instruments				*18,383*				*14,565*
Options				*5,479*				*4,553*
Equity and index instruments	**718**	**25,452**	**1,414**	**27,584**	**192**	**24,447**	**2,414**	**27,053**
Firm instruments				*1,816*				*1,918*
Options				*25,768*				*25,135*
Commodity instruments	**-**	**8,198**	**211**	**8,409**	**-**	**3,690**	**91**	**3,781**
Firm instruments-Futures				*5,964*				*2,756*
Options				*2,445*				*1,025*
Credit derivatives	**-**	**9,223**	**272**	**9,495**	**53**	**9,642**	**360**	**10,055**
Other forward financial instruments	**11**	**846**	**1**	**858**	**5**	**798**	**1**	**804**
On organised markets				*32*				*60*
OTC				*826*				*744*
Sub-total trading derivatives	**1,877**	**209,066**	**4,289**	**215,232**	**646**	**159,998**	**4,884**	**165,528**
Sub-total of financial liabilities measured using fair value option through P&L(6)	**149**	**26,756**	**17,375**	**44,280**	**485**	**19,145**	**11,089**	**30,719**
Total financial instruments at fair value through P&L(5)	**11,016**	**439,091**	**30,223**	**480,330**	**51,248**	**348,523**	**26,012**	**425,783**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(4) See Note 3 for valuation level defintions.
(5) O/w EUR 141,545 million in securities sold under repurchase agreements at 31 December 2014 versus EUR 99,097 million at 31 December 2013*.

FINANCIAL LIABILITIES MEASURED USING FAIR VALUE OPTION THROUGH PROFIT OR LOSS

	31 December 2014			31 December 2013		
(In millions of euros)	Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity	Fair value	Amount repayable at maturity	Difference between fair value and amount repayable at maturity
Total financial liabilities measured using fair value option through P&L(6)(7)	**44,280**	**43,767**	**513**	**30,719**	**31,308**	**(589)**

(6) The change in fair value attributable to the Group's own credit risk generated an expense of EUR 139 million as at 31 December 2014.
The revaluation differences attributable to the Group's issuer credit risk are determined using valuation models taking into account the Societe Generale Group's actual financing terms and conditions on the markets and the residual maturity of the related liabilities.
(7) Mainly indexed EMTNs.

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

VARIATION IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS WHOSE VALUATION IS NOT BASED ON OBSERVABLE MARKET DATA (LEVEL 3)

	Trading portfolio			Financial assets measured using fair value option through profit or loss			Trading derivatives						
(In millions of euros)	Bonds and other debt securities	Shares and other equity securities	Other financial assets	Bonds and other debt securities	Shares and other equity securities	Other financial assets	Interest rate instruments	Foreign exchange instruments	Equity and index instruments	Commodity instruments	Credit derivatives	Other forward financial instruments	Total financial instruments at fair value through P&L
Balance at 1 January 2014	**480**	**1**	**303**	**70**	**216**	**198**	**1,920**	**33**	**414**	**226**	**440**	**100**	**4,401**
Acquisitions	721	-	-	3	21	489	406	5	36	106	24	-	1,811
Disposals / redemptions	(364)	-	-	(7)	(31)	(156)	(637)	(13)	(34)	(34)	(216)	-	(1,492)
Transfer to Level 2[(8)]	(26)	(1)	-	-	-	(10)	(30)	(1)	(39)	-	(84)	-	(191)
Transfer from Level 2[(8)]	22	-	-	-	-	15	145	17	-	-	40	-	239
Gains and losses on changes in fair value during the period[(9)]	13	-	2	-	(8)	9	595	71	54	58	(64)	(30)	700
Translation differences	11	-	38	-	7	5	2	-	46	14	(24)	8	107
Change in scope and others	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2014	**857**	**-**	**343**	**66**	**205**	**550**	**2,401**	**112**	**477**	**370**	**116**	**78**	**5,575**

(8) See Note 3 for valuation level defintions.
(9) Gains and losses for the year are recognised in "Net gains and losses on financial instruments at fair value through profit or loss" in P&L.

VARIATION IN FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS WHOSE VALUATION IS NOT BASED ON OBSERVABLE MARKET DATA (LEVEL 3)

	Trading portfolio				Trading derivatives							
(In millions of euros)	Debt securities issued	Amounts payable on borrowed securities	Shares and other equity instruments sold short	Other financial liabilities	Interest rate instruments	Foreign exchange instruments	Equity and index instruments	Commodity instruments	Credit derivatives	Other forward financial instruments	Financial liabilities measured using fair value option through P&L	Total financial instruments at fair value through P&L
Balance at 1 January 2014	**9,904**	**13**	**2**	**120**	**1,856**	**162**	**2,414**	**91**	**360**	**1**	**11,089**	**26,012**
Issues	1,724	-	-	-	-	-	7	-	-	-	8,977	10,708
Acquisitions / disposals	(1,205)	-	5	140	(91)	(54)	(937)	52	(123)	-	319	(1,894)
Redemptions	(1,742)	-	-	-	-	-	(24)	-	-	-	(2,555)	(4,321)
Transfer to Level 2[(10)]	(1,213)	(3)	(2)	(11)	(134)	(2)	(123)	-	(67)	-	(1,226)	(2,781)
Transfer from Level 2[(10)]	440	-	-	13	86	16	21	-	9	-	46	631
Gains and losses on changes in fair value during the period[(11)]	115	(10)	-	(8)	603	(71)	(2)	63	93	-	621	1,404
Translation differences	275	-	-	2	21	(1)	58	5	-	-	104	464
Balance at 31 December 2014	**8,298**	**-**	**5**	**256**	**2,341**	**50**	**1,414**	**211**	**272**	**1**	**17,375**	**30,223**

(10) See Note 3 for valuation level defintions.
(11) Gains and losses for the year are recognised in "Net gains and losses on financial instruments at fair value through profit or loss" in P&L.

Note 7

HEDGING DERIVATIVES

(In millions of euros)	31 December 2014 Assets	31 December 2014 Liabilities	31 December 2013* Assets	31 December 2013* Liabilities
FAIR VALUE HEDGE				
Interest rate instruments				
Firm instruments				
Swaps	18,326	10,261	10,711	9,364
Options				
Caps, floors, collars	150	-	33	-
Foreign exchange instruments				
Firm instruments				
Currency financing swaps	162	22	48	30
Forward foreign exchange contracts	-	-	-	1
Equity and index instruments				
Equity and stock index options	*1*	*10*	*2*	*3*
CASH FLOW HEDGE				
Interest rate instruments				
Firm instruments				
Swaps	704	301	488	219
Foreign exchange instruments				
Firm instruments				
Currency financing swaps	-	219	10	163
Forward foreign exchange contracts	61	54	53	29
Other forward financial instruments				
On organised markets	*44*	*35*	*129*	*6*
Total	**19,448**	**10,902**	**11,474**	**9,815**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

Note 8

AVAILABLE-FOR-SALE FINANCIAL ASSETS

(In millions of euros)	31 December 2014				31 December 2013*			
	Valuation on the basis of quoted prices in active markets (L1)[2]	**Valuation using observable inputs other than quoted prices included in L1 (L2)[2]**	**Valuation using mainly inputs that are not based on observable market data (L3)[2]**	**Total**	**Valuation on the basis of quoted prices in active markets (L1)[2]**	**Valuation using observable inputs other than quoted prices included in L1 (L2)[2]**	**Valuation using mainly inputs that are not based on observable market data (L3)[2]**	**Total**
Current assets								
Bonds and other debt securities	113,741	14,453	327	**128,521**	100,925	15,766	247	**116,938**
*o/w provisions for impairment***				*(268)*				*(295)*
Shares and other equity securities [1]	11,543	1,556	82	**13,181**	9,945	1,081	134	**11,160**
o/w related receivables				*1*				*1*
*o/w impairment losses***				*(1,245)*				*(1,400)*
Sub-total current assets	**125,284**	**16,009**	**409**	**141,702**	**110,870**	**16,847**	**381**	**128,098**
Long-term equity investments	158	404	1,458	**2,020**	381	365	1,388	**2,134**
o/w related receivables				*8*				-
o/w impairment losses				*(525)*				*(454)*
Total available-for-sale financial assets	**125,442**	**16,413**	**1,867**	**143,722**	**111,251**	**17,212**	**1,769**	**130,232**
o/w securities on loan				*19*				*601*

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

** Amounts adjusted with respect to the 31 December 2013 published financial statements.

(1) Including UCITS.

(2) See Note 3 for valuation level definitions.

CHANGES IN AVAILABLE-FOR-SALE FINANCIAL ASSETS

(In millions of euros)	2014
Balance at 1 January	**130,232**
Acquisitions	127,281
Disposals / redemptions[3]	(118,697)
Transfers to Held-to-maturity financial assets	(3,639)
Change in scope and others	(1,359)
Gains and losses on changes in fair value recognised directly in equity during the period	7,107
Change in impairment on fixed income securities recognised in P&L	27
O/w: increase	*(6)*
write-backs	*42*
others	*(9)*
Impairment losses on variable income securities recognised in P&L	(33)
Change in related receivables	(60)
Translation differences	2,863
Balance at 31 December	**143,722**

(3) Disposals are valued according to the weighted average cost method.

VARIATION OF AVAILABLE-FOR-SALE ASSETS WHOSE VALUATION METHOD IS NOT BASED ON OBSERVABLE MARKET DATA (LEVEL 3)

(In millions of euros)	**Bonds and other debt securities**	**Shares and other equity securities**	**Long-term equity investments**	**Total**
Balance at 1 January 2014	**247**	**134**	**1,388**	**1,769**
Acquisitions	218	-	125	343
Disposals / redemptions	(132)	(52)	(278)	(462)
Transfer to Level 2[4]	-	(48)	-	(48)
Transfer to Level 1[4]	-	-	-	-
Transfer from Level 2[4]	-	-	-	-
Gains and losses on changes in fair value recognised directly in equity during the period	1	44	41	86
Changes in impairment on fixed income securities recognised in P&L	-	-	-	-
O/w: increase	-	-	-	-
write-backs	-	-	-	-
Impairment losses on variable income securities recognised in P&L	-	-	(11)	(11)
Changes in related receivables	1	-	8	9
Translation differences	-	4	25	29
Change in scope and others	(8)	-	160	152
Balance at 31 December 2014	**327**	**82**	**1,458**	**1,867**

(4) See Note 3 for valuation level definitions.

BREAKDOWN OF UNREALISED GAINS AND LOSSES ON AVAILABLE-FOR-SALE ASSETS

(In millions of euros)	**Unrealised gains**	**Unrealised losses**	**Unrealised gains and losses**
Unrealised gains and losses on available-for-sale equity instruments	488	(21)	467
Unrealised gains and losses on available-for-sale debt instruments	1,362	(612)	750
Unrealised gains and losses on assets reclassified in Loans and receivables	-	-	-
Unrealised gains and losses of insurance companies	400	(187)	213
o/w available-for-sale equity instruments	*1,384*	*(262)*	-
o/w available-for-sale debt instruments and assets reclassified in Loans and receivables	*9,091*	*(533)*	-
o/w deferred profit-sharing	*(10,075)*	*608*	-
Total	**2,250**	**(820)**	**1,430**

Note 9

DUE FROM BANKS

(In millions of euros)	31 December 2014	31 December 2013*
Deposits and loans		
Demand and overnights		
Current accounts	23,625	24,912
Overnight deposits and loans and others	3,304	1,993
Term		
Term deposits and loans(1)	21,083	21,937
Subordinated and participating loans	482	704
Related receivables	153	248
Gross amount	**48,647**	**49,794**
Impairment		
Impairment of individually impaired loans	(27)	(30)
Revaluation of hedged items	39	31
Net amount	**48,659**	**49,795**
Securities purchased under resale agreements	32,050	25,625
Total	**80,709**	**75,420**
Fair value of amounts due from banks(2)	**81,742**	**76,234**

(1) As at 31 December 2014, the amount of receivables with incurred credit risk was EUR 89 million compared to EUR 161 million as at 31 December 2013.

(2) Breakdown of the fair value of amounts due from banks determined using a level valuation method (See Note 3 for valuation level definitions).

(In millions of euros)	31 December 2014	31 December 2013*
Level 1	-	-
Level 2	70,534	68,610
Level 3	11,208	7,624
TOTAL	**81,742**	**76,234**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

Note 10

CUSTOMER LOANS

(In millions of euros)	31 December 2014	31 December 2013*
Customer loans		
Trade notes	9,616	10,320
Other customer loans[(1)]	312,448	303,747
o/w short-term loans	*89,047*	*83,619*
o/w export loans	*10,815*	*11,072*
o/w equipment loans	*51,023*	*53,325*
o/w housing loans	*106,618*	*106,400*
o/w other loans	*54,945*	*49,331*
Overdrafts	20,113	15,647
Related receivables	2,013	3,089
Gross amount	**344,190**	**332,803**
Impairment		
Impairment of individually impaired loans	(13,949)	(14,740)
Impairment of groups of homogenous receivables	(1,254)	(1,209)
Revaluation of hedged items	592	400
Net amount	**329,579**	**317,254**
Loans secured by notes and securities	263	252
Securities purchased under resale agreements	14,526	15,145
Total amount of customer loans	**344,368**	**332,651**
Fair value of customer loans[(2)]	**348,506**	**338,358**

(1) As at 31 December 2014, the amount of receivables with incurred credit risk was EUR 23,723 million compared to EUR 25,685 million as at 31 December 2013.

(2) Breakdown of the fair value of customer loans determined using a level valuation method (See Note 3 for valuation level definitions).

(In millions of euros)	31 December 2014	31 December 2013*
Level 1	-	2,058
Level 2	113,569	91,729
Level 3	234,937	244,571
TOTAL	**348,506**	**338,358**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

Note 11

LEASE FINANCING AND SIMILAR AGREEMENTS

(In millions of euros)	31 December 2014	31 December 2013
Real estate lease financing agreements	7,997	8,157
Non-real estate lease financing agreements	18,754	20,280
Related receivables	59	67
Gross amount(1)	**26,810**	**28,504**
Impairment of individually impaired loans	(809)	(760)
Impairment of groups of homogenous receivables	(2)	(3)
Net amount	**25,999**	**27,741**
Fair value of receivables on lease financing and similar agreements(2)	**26,543**	**28,088**

(1) As at 31 December 2014, the amount of individually impaired loans with incurred credit risk was EUR 1,966 million compared to EUR 1,870 million as at 31 December 2013.

(2) Breakdown of the fair value of receivables on lease financing and similar agreements determined using a level valuation method (See Note 3 for valuation level definitions).

(In millions of euros)	31 December 2014	31 December 2013
Level 1	-	-
Level 2	1,792	-
Level 3	24,751	28,088
TOTAL	**26,543**	**28,088**

(In millions of euros)	31 December 2014	31 December 2013
Gross investments	**29,594**	**31,591**
less than one year	8,169	7,937
1-5 years	15,519	16,360
more than five years	5,906	7,294
Present value of minimum payments receivable	**25,317**	**26,971**
less than one year	7,458	7,242
1-5 years	13,421	14,011
more than five years	4,438	5,718
Unearned financial income	**2,784**	**3,087**
Unguaranteed residual values receivable by the lessor	**1,493**	**1,533**

Note 12

HELD-TO-MATURITY FINANCIAL ASSETS

(In millions of euros)	31 December 2014	31 December 2013
Bonds and other debt securities	4,372	993
Impairment	(4)	(4)
Total held-to-maturity financial assets[(1)]	**4,368**	**989**
Fair value of held-to-maturity financial assets[(2)]	**4,451**	**1,000**

(1) O/w EUR 3,639 million of *available-for-sale financial assets* transfered to *held-to-maturity financial assets* .

(2) Breakdown of the fair value of held-to-maturity financial assets determined using a level valuation method (See Note 3 for valuation level definitions).

(In millions of euros)	31 December 2014	31 December 2013
Level 1	4,341	863
Level 2	91	99
Level 3	19	38
TOTAL	**4,451**	**1,000**

Note 13

TAX ASSETS AND LIABILITIES

(In millions of euros)	31 December 2014	31 December 2013*
Current tax assets	1,264	1,228
Deferred tax assets	6,183	6,079
o/w deferred tax assets on tax loss carryforwards	*3,547*	*3,635*
o/w deferred tax assets on temporary differences	*2,636*	*2,444*
Total	**7,447**	**7,307**

(In millions of euros)	31 December 2014	31 December 2013*
Current tax liabilities	990	1,249
Deferred tax liabilities	426	364
Total	**1,416**	**1,613**

Deferred tax on unrealised or deferred gains and loss

(In millions of euros)	31 December 2014	31 December 2013*
On items that will be subsequently reclassified into income	**(407)**	**(129)**
Available-for-sale financial assets	(353)	(86)
Hedging derivatives	(17)	(33)
Unrealised or deferred gains and loss accounted for by the equity method and that will be subsequently reclassified into income	(37)	(10)
On items that will not be subsequently reclassified into income	**270**	**158**
Actuarial gain / (loss) on post-employment benefits	270	158
Total(1)	**(137)**	**29**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(1) O/w EUR -6 million as at 31 December 2014 included in deferred tax assets and EUR 131 million in deferred tax liabilities versus EUR 121 million and EUR 92 million, respectively, as at 31 December 2013.

Deferred tax assets recognised on tax loss carryforwards

As at 31 December 2014, based on the tax system of each entity and a realistic projection of their tax income or expense, the projected period for deferred tax asset recovery is indicated in the table below:

(In millions of euros)	31 December 2014	Statutory time limit on carryforwards	Expected recovery period
Total deferred tax assets relating to tax loss carryforwards	3,547	-	-
o/w French tax group	*2,957*	*unlimited (2)*	*11 years*
o/w US tax group	*377*	*20 years*	*6 years*
others	*213*	-	-

(2) In accordance with the 2013 Finance Law, the deduction of previous loss is limited to EUR 1 million plus 50% of the fraction of the taxable income for the fiscal year exceeding this limit. The non-deductible portion of loss may be carried forward to the following fiscal years with no time limit and under the same conditions.

Note 14

OTHER ASSETS

(In millions of euros)	31 December 2014	31 December 2013*
Guarantee deposits paid[(1)]	33,494	26,330
Settlement accounts on securities transactions	7,144	5,728
Prepaid expenses	556	559
Miscellaneous receivables	24,273	21,746
Gross amount	**65,467**	**54,363**
Impairment	(229)	(245)
Net amount	**65,238**	**54,118**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(1) Mainly relates to guarantee deposits paid on financial instruments.

Note 15

TANGIBLE AND INTANGIBLE FIXED ASSETS

(In millions of euros)	Gross book value at 31 December 2013*	Acquisitions	Disposals	Changes in translation, consolidation scope and reclassifications	Gross value at 31 December 2014	Accumulated depreciation and amortisation of assets at 31 December 2013*	Allocations to amortisation and depreciation in 2014	Impairment of assets 2014	Write-backs from amortisation and depreciation in 2014	Changes in translation, consolidation scope and reclassifications	Net book value at 31 December 2014	Net book value at 31 December 2013*
Intangible assets												
Software, EDP development costs	1,570	95	(15)	(8)	1,642	(1,305)	(130)	-	15	38	260	265
Internally generated assets	1,950	34	(4)	203	2,183	(1,372)	(236)	-	2	(46)	531	578
Assets under development	349	320	(1)	(260)	408	-	-	-	-	-	408	349
Others	708	4	(8)	14	718	(286)	(35)	-	-	(5)	392	422
Sub-total	**4,577**	**453**	**(28)**	**(51)**	**4,951**	**(2,963)**	**(401)**	**-**	**17**	**(13)**	**1,591**	**1,614**
Operating tangible assets												
Land and buildings	5,298	37	(27)	(173)	5,135	(1,685)	(166)	(11)	9	63	3,345	3,613
Assets under development	339	226	(3)	(137)	425	-	-	-	-	-	425	339
Lease assets of specialised financing companies	14,985	5,184	(4,328)	(63)	15,778	(4,772)	(2,496)	(38)	2,276	28	10,776	10,213
Others	5,262	290	(185)	3	5,370	(3,967)	(350)	(2)	129	61	1,241	1,295
Sub-total	**25,884**	**5,737**	**(4,543)**	**(370)**	**26,708**	**(10,424)**	**(3,012)**	**(51)**	**2,414**	**152**	**15,787**	**15,460**
Investment property												
Land and buildings	393	2	(102)	328	621	(161)	(8)	-	69	-	521	232
Assets under development	285	52	-	(319)	18	-	-	-	-	-	18	285
Sub-total	**678**	**54**	**(102)**	**9**	**639**	**(161)**	**(8)**	**-**	**69**	**-**	**539**	**517**
Total tangible and intangible fixed assets	**31,139**	**6,244**	**(4,673)**	**(412)**	**32,298**	**(13,548)**	**(3,421)**	**(51)**	**2,500**	**139**	**17,917**	**17,591**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

Operational leasing

(In millions of euros)	31 December 2014	31 December 2013*
Breakdown of minimum payments receivable		
due in less than one year	3,007	2,829
due in 1-5 years	5,061	4,270
due in more than five years	23	26
Total minimum future payments receivable	**8,091**	**7,125**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

Note 16

GOODWILL

The table below shows the changes in the net values of goodwill recorded by the Cash Generating Units (CGUs) since 31 December 2013:

(in millions of euros)	Net book value at 31 December 2013*	Acquisitions and other increases	Disposals and other decreases	Impairment losses	Translation differences	Net value at 31 December 2014
French retail Banking	**837**	**-**	**(39)**	**-**	**-**	**798**
Societe Generale Network	326	-	(39)	-	-	287
Crédit du Nord	511	-	-	-	-	511
International retail Banking & Financial Services	**3,272**	**-**	**(9)**	**(525)**	**(52)**	**2,686**
Europe	1,910	-	-	-	-	1,910
Russia	579	-	-	(525)	(54)	-
Africa, Asia, Mediterranean Basin and Overseas	263	-	(9)	-	-	254
Insurance	10	-	-	-	-	10
Professional Equipment Financing	335	-	-	-	-	335
Auto Leasing Financial Services	175	-	-	-	2	177
Global Banking and Investor Solutions	**859**	**-**	**(26)**	**-**	**14**	**847**
Corporate and Investment Banking*	44	-	-	-	5	49
Private Banking	344	-	(26)	-	9	327
Securities Services	471	-	-	-	-	471
TOTAL	**4,968**	**-**	**(74)**	**(525)**	**(38)**	**4,331**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

As at 31 December 2014, the Global Banking and Investor Solutions division's Brokerage CGU was incorporated in the Corporate and Investment Banking CGU to reflect the business line's vertical integration following the acquisition of exclusive control of Newedge Group.

Note 16 (continued)

GOODWILL

As at 31 December 2014, goodwill recorded by the 11 CGUs can be broken down as follows:

Pillar	Activities
French Retail Banking	
Societe Generale Network	Societe Generale's retail banking network, online banking activities (Boursorama), consumer and equipment financing in France and transaction and payment management services
Crédit Du Nord	Retail banking network of Crédit du Nord and its 8 regional banks
International Retail Banking and Financial Services	
Europe	Retail banking and consumer finance services in Europe, notably in Germany (Hanseatic Bank, BDK), Italy (Fiditalia), Romania (BRD), the Czech Republic (KB, Essox) and Poland (Eurobank).
Russia	Integrated banking group including Rosbank and its subsidiaries DeltaCredit and Rusfinance
Africa, Asia, Mediterranean Basin and Overseas	Retail banking and consumer finance in Africa, Asia, the Mediterranean Basin and Overseas, including in Morocco (SGMB), Algeria, Tunisia (UIB), Cameroon (SGBC), Côte d'Ivoire (SGBCI), China (SG China) and Senegal
Insurance	Life and non-life insurance activities in France and abroad (Sogecap, Sogessur and Oradéa Vie)
Professional Equipment Financing	Financing of sales and professional equipment by Societe Generale Equipment Finance
Auto Leasing Financial Services	Operational vehicle leasing and fleet management services (ALD Automotive)
Global Banking and Investor Solutions	
Corporate and Investment Banking	Advisory, financing and investment solutions for businesses, financial institutions, the public sector, family offices and clearing services and execution of transactions in derivatives
Private Banking	Wealth management solutions in France and abroad
Securities Services	Comprehensive range of securities solutions (SGSS)

The Group performed an annual impairment test at 31 December 2014 for each CGU to which goodwill has been allocated. A CGU is defined as the smallest identifiable group of assets that generates cash inflows, which are largely independent of the cash inflows from the Group's other assets or groups of assets. An impairment loss is recorded in the income statement if the carrying value of a CGU, including goodwill, exceeds its recoverable value. This loss is primarily booked to the impairment of goodwill.

The recoverable amount of a cash-generating unit is calculated using the most appropriate method, generally the discounted cash flow (DCF) method applied to the entire cash-generating unit. The cash flows used in this calculation are income available for distribution generated by all the entities included in the cash-generating unit, taking into account the targeted equity allocated to each CGU. These cash flows are determined on the basis of the CGU's business plan, which is derived from the prospective three-year budgets approved by Management, extrapolated over a period of sustainable growth (usually six more years), which is consistent with the economic cycle of the banking industry, then extended to infinity using a long-term growth rate (terminal value):

- in line with the 2013 impairment tests, allocated equity at 31 December 2014 amounted to 10% of risk-weighted assets;
- the discount rate is calculated using a risk-free interest rate grossed up by a risk premium based on the CGU's underlying activities. This risk premium, specific to each activity, is calculated from a series of equity risk premiums published by SG Cross Asset Research and from its specific estimated volatility (beta). Where appropriate, the risk-free interest rate is also grossed up by a sovereign risk premium, representing the difference between the risk-free interest rate available in the area of monetary assignment (mainly US dollar area or Euro area) and the interest rate observed on liquid long-term treasury bonds issued in the currency of assignment, or their average weighted by normative equity for CGUs covering several countries;
- the growth rate used to calculate the terminal value is determined using forecasts on long-term economic growth and sustainable inflation.

The table below presents discount rates and long-term growth rates specific for the CGUs of the Group's three core businesses:

Assumptions as at 31 December 2014	Discount rate	Long-term growth rate
French Retail Banking		
Societe Generale Network and Crédit du Nord	8%	2%
International Retail Banking and Financial Services		
Retail Banking and Consumer Finance	10.2% to 13.9%	3% to 3.5%
Insurance	9.0%	2.5%
Professional Equipment Financing and Auto Leasing Financial Services	9.7%	2%
Global Banking and Investor Solutions		
Corporate and Investment Banking	11.0%	2%
Private Banking and Securities Services	9.0% to 9.2%	2%

Note 16 (continued)

GOODWILL

Budget projections are based on the following main business line and macroeconomic assumptions:

French Retail Banking	
Societe Generale Network and Crédit du Nord	• Development of the retail banking customer bases through targeted customer acquisition initiatives and activation of growth drivers (New Private Banking, financial savings, protection of people and property), despite challenging economic conditions • Acceleration of the operational transformation and investments in the digital transition • Strict discipline applied to management of operating expenses and risks
International Retail Banking & Financial Services	
Europe	• Adaptation of our models to capture growth potential in the region and consolidate the competitive positions of our operations • Further normalisation of cost of risk and strict discipline applied to operating expenses
Russia	• Continued transformation of Rosbank despite poorer economic conditions, with a focus on the efficiency of the retail banking arm, information systems, quality of customer service and pooling of resources • Strict discipline applied to operating expenses and cost of risk
Africa, Asia, Mediterranean Basin and Overseas	• Development of our sales network in order to capture the potential of an emerging middle class • Continued focus on operating efficiency
Insurance	• Dynamic growth maintained and international development of the bancassurance model, in synergy with the retail banking network, New Private Banking and international financial services
Professional Equipment Financing and Auto Leasing Financial Services	• Leadership consolidated in these corporate financing businesses • Solid momentum for ALD in a highly competitive international environment • Robust growth in equipment financing activities
Global Banking and Investor Solutions	
Corporate and Investment Banking	• Adaptation of the activities to a competitive environment, further business and regulatory investments • Consolidation of market-leading franchises in equities as well as commodity and structured financing • Development of growth drivers, particularly customer income and synergies • Accelerated adaptation of capital market activities, particularly in cash flow activities, and finalisation of the consolidation of Newedge
Private Banking and Securities Services	• Growth in Private Banking driven by positive inflows and a persistently solid margin, development of synergies with retail banking and corporate & investment banking • Stronger sales momentum for Securities Services in Europe and investments in information systems

Sensitivity tests are carried out to measure in particular the impact on each CGU's recoverable value of the variation in certain assumptions such as profitability, long-term growth or discount rate.

In the first quarter of 2014, the Group reviewed the value of the International Retail Banking & Financial Services division's Russia CGU, and performed a goodwill impairment test in light of the changes in the Russian economic environment. Due to growing uncertainties in the environment and the economic slowdown postponing the performances expected from Rosbank, the Group impaired all the goodwill allocated to the Russia CGU and recognised an impairment loss of EUR 525 million.

As at 31 December 2014, in light of the risks associated with business activity in the current environment, impairment tests were carried out based on a series of conservative assumptions or sensitivity tests.

Accounting for the impairment losses recorded, recoverable values are not very sensitive to additional changes in assumptions on discount rates, long-term growth rates and operational growth rates. Accordingly:

• an increase of 50 basis points applied to all discount rates for the CGUs disclosed in the table above would lead to a decrease of 6.9% in recoverable value and would not generate any additional impairment;

• similarly, a decrease of 50 basis points in long-term growth rates would lead to a decrease of 2.2% in recoverable value and would not generate any additional impairment.

Note 17

DUE TO BANKS

(In millions of euros)	31 December 2014	31 December 2013*
Demand and overnight deposits		
Demand deposits and current accounts	14,767	15,185
Overnight deposits and borrowings and others	2,560	3,216
Sub-total	**17,327**	**18,401**
Term deposits		
Term deposits and borrowings	49,963	44,942
Borrowings secured by notes and securities	44	50
Sub-total	**50,007**	**44,992**
Related payables	128	214
Revaluation of hedged items	188	144
Securities sold under repurchase agreements	23,640	23,038
Total	**91,290**	**86,789**
Fair value of amounts due to banks(1)	**91,577**	**86,621**

(1) Breakdown of the fair value of amounts due to banks determined using a level valuation method (See Note 3 for valuation level definitions).

(In millions of euros)	31 December 2014	31 December 2013*
Level 1	-	2,474
Level 2	88,146	82,436
Level 3	3,431	1,711
TOTAL	**91,577**	**86,621**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

Note 18

CUSTOMER DEPOSITS

(In millions of euros)	31 December 2014	31 December 2013*
Regulated savings accounts		
Demand	57,550	57,764
Term	22,235	20,754
Sub-total	**79,785**	**78,518**
Other demand deposits		
Businesses and sole proprietors	62,267	58,565
Individual customers	50,515	48,655
Financial customers	32,539	21,776
Others (1)	12,022	13,738
Sub-total	**157,343**	**142,734**
Other term deposits		
Businesses and sole proprietors	44,557	43,126
Individual customers	16,055	17,543
Financial customers	20,704	21,529
Others(1)	7,909	9,165
Sub-total	**89,225**	**91,363**
Related payables	889	1,011
Revaluation of hedged items	433	313
Total customer deposits	**327,675**	**313,939**
Borrowings secured by notes and securities	89	209
Securities sold to customers under repurchase agreements	21,971	20,024
Total	**349,735**	**334,172**
Fair value of customer deposits(2)	**349,810**	**333,901**

(1) Including deposits linked to governments and central administrations.

(2) Breakdown of the fair value of customer deposits determined using a level valuation method (See Note 3 for valuation level definitions).

(In millions of euros)	31 December 2014	31 December 2013
Level 1	-	-
Level 2	335,914	328,222
Level 3	13,896	5,679
TOTAL	**349,810**	**333,901**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

Note 19

DEBT SECURITIES ISSUED

(In millions of euros)	31 December 2014	31 December 2013*
Term savings certificates	947	790
Bond borrowings	22,255	21,218
Interbank certificates and negotiable debt instruments	81,890	113,726
Related payables	970	1,096
Sub-total	**106,062**	**136,830**
Revaluation of hedged items	2,596	1,568
Total	**108,658**	**138,398**
O/w floating-rate securities	*32,099*	*40,513*
Fair value of securitised debt payables(1)	**110,261**	**138,257**

(1) Breakdown of the fair value of debt securities issued determined using a level valuation method (See Note 3 for valuation level definitions).

(In millions of euros)	31 December 2014	31 December 2013*
Level 1	19,411	20,843
Level 2	89,371	117,414
Level 3	1,479	-
TOTAL	**110,261**	**138,257**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

Note 20

OTHER LIABILITIES

(In millions of euros)	31 December 2014	31 December 2013*
Guarantee deposits received[1]	41,222	20,029
Settlement accounts on securities transactions	6,909	7,192
Other securities transactions	16	22
Expenses payable on employee benefits	2,761	2,620
Deferred income	1,558	1,708
Miscellaneous payables	22,658	21,954
Total	**75,124**	**53,525**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(1) Mainly relates to guarantee deposits received on financial instruments.

Note 21

PEL/CEL MORTGAGE SAVINGS ACCOUNTS

1. OUTSTANDING DEPOSITS IN PEL/CEL ACCOUNTS

(In millions of euros)	31 December 2014	31 December 2013
PEL accounts	**16,514**	**14,801**
less than 4 years old	7,023	5,793
between 4 and 10 years old	4,281	3,166
more than 10 years old	5,210	5,842
CEL accounts	**1,502**	**1,666**
Total	**18,016**	**16,467**

2. OUTSTANDING HOUSING LOANS GRANTED WITH RESPECT TO PEL/CEL ACCOUNTS

(In millions of euros)	31 December 2014	31 December 2013
less than 4 years old	64	99
between 4 and 10 years old	101	121
more than 10 years old	12	16
Total	**177**	**236**

3. PROVISIONS FOR COMMITMENTS LINKED TO PEL/CEL ACCOUNTS

(In millions of euros)	31 December 2013	Allocations	Reversals	31 December 2014
PEL accounts	**120**	**116**	**(12)**	**224**
less than 4 years old	8	-	(6)	2
between 4 and 10 years old	9	1	(6)	4
more than 10 years old	103	115	-	218
CEL accounts	**7**	**-**	**(7)**	**0**
Total	**127**	**116**	**(19)**	**224**

“Plans d'Epargne-Logement” (PEL or housing savings plans) entail two types of commitment that have the potentially negative effect of generating a PEL/CEL provision for the Group: a commitment to lend at an interest rate that had been established at the inception of the plan and a commitment to remunerate the savings at an interest rate also established at the inception of the plan.

The level of provisions is sensitive to long-term interest rates. Since long-term rates were low during 2014, the provisions for PEL and CEL mortgage savings accounts are mainly linked to the risks attached to the commitment to remunerate the deposits. Provisioning for PEL/CEL savings amounted to 1.24% of total outstandings as at 31 December 2014.

4. METHODS USED TO ESTABLISH PROVISION VALUATION PARAMETERS

The parameters used to estimate future customer behavior are derived from historical observations of customer behavior patterns over a long period (more than 10 years). The values of these parameters can be adjusted whenever changes are made to regulations that may undermine the effectiveness of past data as an indicator of future customer behaviour.

The values of the different market parameters used, notably interest rates and margins, are calculated on the basis of observable data and constitute a best estimate, at the date of valuation, of the future value of these items for the period in question, in line with the retail banking division's policy of interest rate risk management.

The discount rates used are derived from the zero coupon swaps vs. Euribor yield curve at the valuation date, averaged over a 12-month period.

Note 22

PROVISIONS AND IMPAIRMENTS

1. ASSET IMPAIRMENTS

(In millions of euros)	Asset impairments as at 31 December 2013*	Allocations	Write-backs available	Net impairment losses	Reversals used	Currency and scope effects	Asset impairments as at 31 December 2014
Banks	30	1	(6)	**(5)**	-	2	**27**
Customer loans	14,740	5,216	(2,947)	**2,269**	(3,143)	83	**13,949**
Lease financing and similar agreements	760	438	(335)	**103**	(66)	12	**809**
Groups of homogeneous assets	1,212	467	(408)	**59**	-	(15)	**1,256**
Available-for-sale assets(1)(2)	2,149	38	(135)	**(97)**	(19)	5	**2,038**
Others(1)	447	290	(141)	**149**	(50)	(12)	**534**
Total	**19,338**	**6,450**	**(3,972)**	**2,478**	**(3,278)**	**75**	**18,613**

* Amounts restated relative to the financial statements published in 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(1) Including a EUR 25 million net allowance for counterparty risks.

(2) O/w write-down on variable-income securities, excluding insurance activities, of EUR 28 million, which can be broken down as follows:
- EUR 13 million: impairment loss on securities not written down as at 31 December 2013;
- EUR 15 million: additional impairment loss on securities already written down as at 31 December 2013.

2. PROVISIONS

(In millions of euros)	Provisions as at 31 December 2013*	Allocations	Write-backs available	Net allocation	Write-backs used	Actuarial gains and losses	Currency and scope effects	Provisions as at 31 December 2014
Provisions for off-balance sheet commitments to banks	10	2	-	**2**	-	-	-	**12**
Provisions for off-balance sheet commitments to customers	282	306	(263)	**43**	-	-	(21)	**304**
Provisions for employee benefits	1,637	317	(492)	**(175)**	-	313	36	**1,811**
Provisions for tax adjustments	181	136	(19)	**117**	(17)	-	17	**298**
Other provisions(3)	1,697	723	(182)	**541**	(183)	-	12	**2,067**
Total	**3,807**	**1,484**	**(956)**	**528**	**(200)**	**313**	**44**	**4,492**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(3) Including :
- EUR 372 million net allocation for net cost of risk, comprising predominantly allocations to provisions for disputes (See Note 40);
- EUR 97 million net allocation for PEL/CEL provisions as at 31 December 2014 for the French Networks (See Note 21).

Note 23

EMPLOYEE BENEFITS

1. DEFINED CONTRIBUTION PLANS

Defined contribution plans limit the Group's liability to the contributions paid to the plan but do not commit the Group to a specific level of future benefits.

Main defined contribution plans provided to employees of the Group are located in France. They include state pension plans and other national pension plans such as ARRCO and AGIRC, as well as pension schemes put in place by some entities of the Group for which the only commitment is to pay annual contributions (PERCO).

2. POST-EMPLOYMENT BENEFIT PLANS (DEFINED BENEFIT PLANS)

2.1. RECONCILIATION OF ASSETS AND LIABILITIES RECORDED IN THE BALANCE SHEET

(In millions of euros)	31 December 2014	31 December 2013*
A - Present value of funded defined benefit obligations	3,024	2,493
B - Fair value of plan assets	(2,357)	(2,007)
C = A + B Deficit (surplus)	**667**	**486**
D - Present value of unfunded defined benefit obligations	423	373
E - Change in asset ceiling	2	2
C + D + E = Net balance recorded in the balance-sheet	**1,092**	**861**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

Notes:

1. Post-employment benefit plans include annuity payments , end-of-career indemnities as well as mixed plans (cash balance). Annuity payments are added to pension plans paid by State and mandatory benefit plans. In France, the supplementary pension allocation plan for senior managers, set up in 1991, provides to the beneficiaries an annual allowance covered by Société Générale, such as described in the "corporate governance" section. This allowance is a function in particular of the seniority within Société Générale and the proportion of fixed salaries exceeding "Tranche B" of the Agirc pension. In the UK, the defined benefit plan has been closed to new employees, who are now offered defined contribution plans.

2. The present value of defined benefit obligations have been valued by independent qualified actuaries.

2.2. COMPONENTS OF THE COST OF THE DEFINED BENEFITS

(In millions of euros)	2014	2013*
Current service cost including social security contributions	93	94
Employee contributions	(5)	(5)
Past service cost / curtailments	(12)	47
Settlement	(10)	(1)
Net interest	25	29
Transfer from unrecognised assets	2	0
Components recognised in income statement	*93*	*164*
Expected return on plan assets(1)	(195)	(38)
Actuarial gains and losses due to changes in demographic assumptions	15	1
Actuarial gains and losses due to changes in economical and financial assumptions	505	(181)
Actuarial gains and losses due to experience	18	5
Change in asset ceiling	1	1
Components recognised in unrealised or deferred gains and losses (2)	*344*	*(212)*
Total components of the cost of the defined benefits	**437**	**(48)**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(1) Return on plan assets from which the expected return on plan assets included in the net interest cost is deducted

(2) Relating to the exercice 2013, the difference with Actuarial gains and losses on post-employment defined benefits plans of the Statement of net income and unrealised or deferred gains and losses mainly comes from the variation of assets and liabilities reclassified in *non-current assets held for sale* and n*on-current liabilities held for sale* , as well as assets of entities consolidated by applying the equity method.

Note 23 (continued)

EMPLOYEE BENEFITS

2.3. CHANGES IN NET LIABILITIES OF POST-EMPLOYMENT BENEFIT PLANS RECORDED IN THE BALANCE SHEET

■ 2.3.1. Changes in the present value of defined benefit obligations

(In millions of euros)	2014	2013*
Balance at 1 January	**2,866**	**3,117**
Current service cost including social security contributions	93	93
Employee contributions	-	-
Past service cost / curtailments	(12)	47
Settlement	(45)	(2)
Net interest	99	94
Actuarial gains and losses due to changes in demographic assumptions	15	1
Actuarial gains and losses due to changes in economical and financial assumptions	505	(181)
Actuarial gains and losses due to experience	18	5
Foreign exchange adjustment	88	(44)
Benefit payments	(179)	(168)
Acquisition/(Sale) of subsidiaries	(1)	(74)
Transfers and others	-	(22)
Balance at 31 December	**3,447**	**2,866**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

■ 2.3.2. Changes in the fair value of plan assets and separate assets

(In millions of euros)	2014	2013*
Balance at 1 January	**2,007**	**1,969**
Expected return on plan assets	72	63
Expected return on separate assets	2	0
Actuarial gains and losses due to assets	195	38
Foreign exchange adjustment	81	(31)
Employee contributions	5	5
Employer contributions to plan assets	164	119
Benefit payments	(138)	(132)
Acquisition/(Sale) of subsidiaries	0	(39)
Transfers and others	(31)	15
Balance at 31st December(1)	**2,357**	**2,007**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(1) Included EUR 151 million of separate assets for 31 December 2014, (EUR 71 million for 31 december 2013)

2.4. INFORMATION REGARDING FUNDING ASSETS

■ 2.4.1. General information regarding-funding assets *(for all benefits and future contributions)*

The breakdown of the fair value of plan assets is as follows: 46% bonds, 40% equities, 2% money market instruments and 12% others. Directly held Societe Generale shares are not significant.

For pension plans with a fair value of plan assets in excess of defined benefit obligations, the aggregate of plan assets is EUR 18 million.

Employer contributions to be paid to post-employment defined benefit plans for 2015 are estimated at EUR 20 million.

The hedging strategies of the plans are defined locally in connection with Finance and Human Resources departments of the entities, by ad hoc structures (Trustees, Foundations, …) if necessary. Besides, investment or financing strategies of liabilities are followed at the Group level through a global governance. Committees, in the presence of management representatives of the human resources, the finance department and the Risk Division have for object to define the guidelines of the Group as regards investment and management of the liabilities, to validate the decisions, and to follow the risks associated for the Group.
According to the durations of the plans and the local regulations, hedging assets are invested in equities and/or in bond products, guaranteed or not.
Finally, the schemes are globally hedged at the level of 66 %, but according to the entities and the plans, the hedging rate varies between 0 % and 100 %.

Note 23 (continued)

EMPLOYEE BENEFITS

■ 2.4.2. Actual returns on funding assets

The actual returns on plan and separate assets were:

(In millions of euros)	31 December 2014	31 December 2013*
Plan assets	264	102
Separate assets	2	-

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

The assumptions on return on assets are presented in section 2.5.

2.5. MAIN ASSUMPTIONS DETAILED BY GEOGRAPHICAL AREA

	31 December 2014	31 December 2013*
Discount rate		
Europe	2.19%	3.41%
Americas	4.13%	5.08%
Asia-Oceania-Africa	1.59%	2.61%
Long-term inflation		
Europe	2.28%	2.14%
Americas	2.00%	2.00%
Asia-Oceania-Africa	1.63%	1.68%
Future salary increase		
Europe	0.64%	0.67%
Americas	2.00%	2.00%
Asia-Oceania-Africa	2.15%	2.31%
Average remaining working lifetime of employees (in years)		
Europe	9.56	9.76
Americas	8.61	9.02
Asia-Oceania-Africa	13.02	13.68
Duration (in years)		
Europe	15.79	14.25
Americas	18.53	18.81
Asia-Oceania-Africa	9.97	9.81

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

Notes:
1. The assumptions by geographical area are averages weighted by the present value of the liabilities of defined benefit obligations (DBO).

2. The yield curves used to discount the liabilities are corporate AA yield curves (source: Merrill Lynch) observed in the end of October for USD, GBP and EUR, and corrected at the end of December if the decrease in discount rates had a significant impact.
Inflation rates used are the long-term targets of the central banks of the monetary areas above.

3. The average remaining working lifetime of employees is calculated taking into account withdrawal assumptions.

4, The assumptions described above have been applied on post employment benefit plans.

2.6. SENSITIVITIES OF DEFINED BENEFIT OBLIGATIONS TO MAIN ASSUMPTIONS RANGES

(Percentage of item measured)	31 December 2014	31 December 2013*
Variation of +1% in discount rate		
Impact on the present value of defined benefit obligations at December 31, N	-14%	-12%
Variation of +1% in long terme inflation		
Impact on the present value of defined benefit obligations at December 31, N	12%	11%
Variation of +1% in future salary increases		
Impact on the present value of defined benefit obligations at December 31, N	5%	4%

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

Note:
1. The disclosed sensitivities are averages of the variations weighted by the present value of the defined benefit obligations at 31 December 2014.

3. Other long-term benefits

Group companies may award their employees other long-term benefits, like long-term deferred variable remunerations, time saving accounts (French Term) Comptes Epargne Temps or long service awards. They are different from post-employment benefits and termination benefits, which are not fully due whithin twelve months following the financial year during which the services are rendered by the employees. The amount of net balance of other long-term benefits is EUR 454 million.
The total amount of charges for other long-term benefits is EUR 165 million.

Note 24

SUBORDINATED DEBT

(In millions of euros)

Currency of issue	2015	2016	2017	2018	2019	Other	Outstanding at 31 December 2014	Outstanding at 31 December 2013*
	Maturity dates							
Subordinated Capital notes								
EUR	789	767	172	1,397	354	2,513	5,992	5,588
USD	62	427	-	-	-	824	1,313	434
GBP	-	-	-	355	-	-	355	331
Other currencies	4	-	-	-	-	-	4	9
Sub-total	**855**	**1,194**	**172**	**1,752**	**354**	**3,337**	**7,664**	**6,362**
Dated subordinated debt								
EUR	-	-	-	-	3	21	24	66
Other currencies	-	-	-	9	173	46	228	314
Sub-total	**-**	**-**	**-**	**9**	**176**	**67**	**252**	**380**
Related payables	**188**	**-**	**-**	**-**	**-**	**-**	**188**	**178**
Total excluding revaluation of hedged items	**1,043**	**1,194**	**172**	**1,761**	**530**	**3,404**	**8,104**	**6,920**
Revaluation of hedged items							730	587
Total							**8,834**	**7,507**

The fair value of subordinated debt securities can be broken down as follows (See Note 3 for valuation level definitions):

(In millions of euros)	31 December 2014	31 December 2013*
Level 1	-	-
Level 2	9,649	7,789
Level 3	-	-
TOTAL	**9,649**	**7,789**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

Note 25

OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A financial asset and a financial liability are offset and the net amount presented on the balance sheet when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.The legal right of set off the recognised amounts must be enforceable in all circumstances, in both the normal course of business and in the event of default of one of the counterparties.

In this respect, the Group recognises more particularly, in its balance sheet, the net amount of derivative financial instruments that are traded with some exchange or clearing houses which effectively accomplish net settlement through a daily cash margining process, or when their gross settlement system has features that eliminate or result in insignificant credit and liquidity risk, and process receivables and payables in a single settlement process or cycle.

The following tables present the amounts of financial assets and financial liabilities set off on the Group consolidated balance sheet, as well as the impact of amounts which could be offset as they are subject to Master Netting Agreements or similar agreements but which are not eligible to offsetting on the consolidated balance sheet.

Net positions resulting from these various offsettings are not intended to represent the Group's actual exposure to credit risk upon these financial instruments, as far as credit risk management makes use of other credit mitigation strategies in addition to netting and collateral agreements.

The gross amounts of financial assets and financial liabilities subject to these offsettings are reconciled with the consolidated amounts presented on the balance sheet (Total of balance sheet assets and liabilities) after identification of amounts offset on the balance sheet for these various instruments (Amounts offset) and of amounts of other financial assets and liabilities which are neither subject to offsetting nor subject to Master netting Agreements and similar agreements (Assets and Liabilities not subject to offsetting).

AS AT 31 DECEMBER 2014

ASSETS

	Financial Assets subject to offsetting								
	Impact of offsetting on the balance sheet			Impact of Master Netting Agreements (MNA) and similar agreements (1)					
(In millions of euros)	Gross amounts	Amounts offset	Net amounts presented on the balance sheet	Financial instruments recognised in the balance sheet	Cash collateral received	Financial instruments received as collateral	Net amount	Amounts of assets not subject to offsetting	Total of balance sheet assets(2)
Derivative financial instruments (See Notes 6 and 7)	371,273	171,658	199,615	164,717	17,690	162	17,046	29,612	229,227
Securities borrowed (See Notes 6 and 8)	8,220	-	8,220	6,635	-	65	1,520	2,800	11,020
Securities purchased under resale agreements (See Notes 6, 9 and 10)	151,180	29,203	121,977	36,835	242	84,655	245	43,469	165,446
Guarantee deposits pledged (See Note 14)	17,644	-	17,644	-	17,644	-	-	15,850	33,494
Other assets not subject to offsetting	-	-	-	-	-	-	-	868,983	868,983
Total assets	**548,317**	**200,861**	**347,456**	**208,187**	**35,576**	**84,882**	**18,811**	**960,714**	**1,308,170**

LIABILITIES

	Financial Liabilities subject to offsetting								
	Impact of offsetting on the balance sheet			Impact of Master Netting Agreements (MNA) and similar agreements (1)					
(In millions of euros)	Gross amounts	Amounts offset	Net amounts presented on the balance sheet	Financial instruments recognised in the balance sheet	Cash collateral pledged	Financial instruments pledged as collateral	Net amount	Amounts of liabilities not subject to offsetting	Total of balance sheet liabilities(3)
Derivative financial instruments (See Notes 6 and 7)	368,376	171,658	196,718	164,717	17,582	3	14,416	29,416	226,134
Securities loaned (See Note 6)	16,389	-	16,389	6,635	-	9,743	11	38,542	54,931
Securities sold under repurchase agreements (See Notes 6, 17 and 18)	158,527	29,203	129,324	36,835	62	91,973	454	57,832	187,156
Guarantee deposits received (See Note 20)	17,932	-	17,932	-	17,932	-	-	23,290	41,222
Other liabilities not subject to offsetting	-	-	-	-	-	-	-	739,914	739,914
Total liabilities	**561,224**	**200,861**	**360,363**	**208,187**	**35,576**	**101,719**	**14,881**	**888,994**	**1,249,357**

(1) Fair value of financial instruments and collaterals, capped to the net book value of the balance sheet exposure, so as to avoid any over-collateralisation effect.

(2) The total of balance sheet assets is equal to the sum of:
- net amounts presented on the balance sheet, and
- amounts of Assets not subject to offsetting.

(3) The total of balance sheet liabilities is equal to the sum of:
- net amounts presented on the balance sheet, and
- amounts of Liabilities not subject to offsetting.

Note 25 (continued)

Offsetting of financial assets and financial liabilities

AS AT 31 DECEMBER 2013

ASSETS

(In millions of euros)	Financial Assets subject to offsetting – Impact of offsetting on the balance sheet: Gross amounts*	Amounts offset*	Net amounts presented on the balance sheet*	Impact of Master Netting Agreements (MNA) and similar agreements (4): Financial instruments recognised in the balance sheet*	Cash collateral received*	Financial instruments received as collateral*	Net amount*	Amounts of assets not subject to offsetting*	Total of balance sheet assets*(5)
Derivative financial instruments (See Notes 6 and 7)	277,269	129,111	148,158	124,237	13,152	-	10,769	25,388	173,546
Securities borrowed (See Notes 6 and 8)	9,826	-	9,826	9,075	-	-	751	21,529	31,355
Securities purchased under resale agreements (See Notes 6, 9 and 10)	111,777	17,637	94,140	17,715	318	66,033	10,074	35,398	129,538
Guarantee deposits pledged (See Note 14)	18,153	-	18,153	-	18,153	-	-	8,177	26,330
Other assets not subject to offsetting	-	-	-	-	-	-	-	853,424	853,424
Total assets	**417,025**	**146,748**	**270,277**	**151,027**	**31,623**	**66,033**	**21,594**	**943,916**	**1,214,193**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

LIABILITIES

(In millions of euros)	Financial Liabilities subject to offsetting – Impact of offsetting on the balance sheet: Gross amounts*	Amounts offset*	Net amounts presented on the balance sheet*	Impact of Master Netting Agreements (MNA) and similar agreements (4): Financial instruments recognised in the balance sheet*	Cash collateral pledged*	Financial instruments pledged as collateral*	Net amount*	Amounts of liabilities not subject to offsetting*	Total of balance sheet liabilities*(6)
Derivative financial instruments (See Notes 6 and 7)	278,216	129,111	149,105	124,237	17,498	173	7,197	26,238	175,343
Securities loaned (See Note 6)	22,479	-	22,479	9,075	9	6,347	7,048	78,333	100,812
Securities sold under repurchase agreements (See Notes 6, 17 and 18)	114,266	17,637	96,629	17,715	646	65,965	12,303	45,530	142,159
Guarantee deposits received (See Note 20)	13,470	-	13,470	-	13,470	-	-	6,559	20,029
Other liabilities not subject to offsetting	-	-	-	-	-	-	-	721,880	721,880
Total liabilities	**428,431**	**146,748**	**281,683**	**151,027**	**31,623**	**72,485**	**26,548**	**878,540**	**1,160,223**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(4) Fair value of financial instruments and collaterals, capped to the net book value of the balance sheet exposure, so as to avoid any over-collateralisation effect.

(5) The total of balance sheet assets is equal to the sum of:
- net amounts presented on the balance sheet, and
- amounts of Assets not subject to offsetting.

(6) The total of balance sheet liabilities is equal to the sum of:
- net amounts presented on the balance sheet, and
- amounts of Liabilities not subject to offsetting.

Note 26

SOCIETE GENERALE ORDINARY SHARES, TREASURY STOCK, SHARES HELD BY EMPLOYEES AND SHAREHOLDERS' EQUITY ISSUED BY THE GROUP

1. ORDINARY SHARES ISSUED BY SOCIETE GENERALE S.A.

(Number of shares)	31 December 2014	31 December 2013
Ordinary shares	805,207,646	798,716,162
Including treasury stock with voting rights[1]	20,041,922	22,509,704
Including shares held by employees[2]	61,740,620	60,484,220

(1) Societe Generale shares held for trading or in respect of the liquidity contract excluded.
(2) Number of shares restated relative to the financial statements published in 2013 to reflect shares held by employees under the free share plan.

As at 31 December 2014, Societe Generale S.A.'s capital amounted to EUR 1,006,509,557.5 and was made up of 805,207,646 shares with a nominal value of EUR 1.25.

During the first half of 2014 and in accordance with the free and conditional share allocation plan, Societe Generale S.A. carried out a capital increase of EUR 2 million by the incorporation of reserves.

During the second half of 2014, Societe Generale S.A. carried out a capital increase reserved for employees as part of the free share allocation plan for an amount of EUR 6 million, with additional paid-in capital of EUR 177 million, and three capital increases totaling EUR 0.089 million with additional paid-in capital of EUR 2 million, resulting from the exercise of stock-options granted in 2009 and 2010.

2. SHAREHOLDERS' EQUITY ISSUED

2.1. PERPETUAL SUBORDINATED NOTES

Perpetual subordinated notes (TSDI) issued by the Group and that include some discretionary features governing the payment of interest are classified as equity.

As at 31 December 2014, the amount of perpetual subordinated notes (TSDI) issued by the Group and recognised under Group shareholder's equity in other equity instruments totalled EUR 315 million. This amount changed due to the redemption of the JPY-denominated perpetual subordinated note issued on 30 June 1994.

Issuance Date	Amount in local currency as at 31 December 2013	Repurchases and redemptions in 2014	Amount in local currency as at 31 December 2014	Amount in millions of euros at historical rate	Remuneration
1 July 1985	EUR 62 M		EUR 62 M	62	BAR (Bond Average Rate) of -0.25% for the period from 1 June to 31 May before each due date
24 November 1986	USD 248 M		USD 248 M	182	Average 6-month Euro/Dollar deposit rates communicated by reference banks +0.075%
30 June 1994	JPY 15,000 M	JPY 15,000 M	-	-	5.385% until December 2014 and for subsequent due dates: the more favourable rate between the fixed rate and a variable rate + spread defined as follows: JPY 5-year Mid Swap Rate +1.25% until December 2019 and JPY 5-year Mid Swap +2% for subsequent due dates
30 December 1996	JPY 10,000 M		JPY 10,000 M	71	3.936% until September 2016 and for subsequent due dates: the more favourable rate between the fixed rate and a variable rate + spread defined as follows: JPY 5-year Mid Swap Rate +2.0%

2.2. DEEPLY SUBORDINATED NOTES

Given the discretionary nature of the decision to pay dividends to shareholders, deeply subordinated notes have been classified as equity and recognised under *Equity instruments and associated reserves* .

As at 31 December 2014, the amount of deeply subordinated notes issued by the Group and recognised under Group shareholders' equity in other equity instruments totalled EUR 8,754 million.
This amount changed due to the issuance of two new deeply subordinated notes in the first half of 2014.

Issuance Date	Amount in local currency as at 31 December 2013	Repurchases and redemptions in 2014	Amount in local currency as at 31 December 2014	Amount in millions of euros at historical rate	Remuneration
26 January 2005	EUR 728 M		EUR 728 M	728	4.196%, from 2015 3-month Euribor +1.53% annually
5 April 2007	USD 63 M		USD 63 M	47	3-month USD Libor +0.75% annually, from 2017 3-month USD Libor +1.75% annually
5 April 2007	USD 808 M		USD 808 M	604	5.922%, from 2017 3-month USD Libor +1.75% annually
19 December 2007	EUR 463 M		EUR 463 M	463	6.999%, from 2018 3-month Euribor +3.35% annually
16 June 2008	GBP 506 M		GBP 506 M	642	8.875%, from 2018 3-month GBP Libor +3.4% annually
27 February 2009	USD 450 M		USD 450 M	356	9.5045%, from 2016 3-month USD Libor +6.77% annually
4 September 2009	EUR 905 M		EUR 905 M	905	9.375%, from 2019 3-month Euribor +8.901% annually
7 October 2009	USD 1,000 M		USD 1,000 M	681	8.75%
6 September 2013	USD 1,250 M		USD 1,250 M	953	8.25%, from 29 November 2018 USD 5-year Mid Swap Rate +6.394%
18 December 2013	USD 1,750 M		USD 1,750 M	1,273	7.875%, from 18 December 2023, USD 5-year Mid Swap Rate + 4.979 %
25 June 2014			USD 1,500 M	1,102	6%, from 27 January 2020, USD 5-year Mid Swap Rate + 4.067 %
7 April 2014			EUR 1,000 M	1,000	6.75%, from 7 April 2021, EUR 5-year Mid Swap Rate + 5.538 %

SOCIETE GENERALE ORDINARY SHARES, TREASURY STOCK, SHARES HELD BY EMPLOYEES AND SHAREHOLDERS' EQUITY ISSUED BY THE GROUP

2.3. OTHER EQUITY INSTRUMENTS ISSUED BY SUBSIDIARIES

Given the discretionary nature of the decision to pay dividends to shareholders, perpetual subordinated notes issued by the Group's subsidiaries are classified as equity.

As at 31 December 2014, the amount of other equity instruments issued by the Group's subsidiaries and recognised under non-controlling interests totalled EUR 800 million.

Issuance Date	Amount	Remuneration
18 December 2014 (step-up clause after 12 years)	EUR 800 M	4.125%, from 2026 5-year Mid-Swap rate + margin 4.150% per annum

2.4. SUMMARY OF CHANGES IN EQUITY INSTRUMENTS ISSUED

Changes related to the perpetual subordinated notes and deeply subordinated notes included in *Retained earnings* are detailed below:

(In millions of euros)	Deeply subordinated notes	Perpetual subordinated notes	Total
Remuneration paid booked under dividends (2014 Dividends paid line)	(565)	(11)	(576)
Changes in nominal values in 2014	2,102	(108)	1,994
Tax savings on remuneration payable to shareholders and recorded under reserves	210	3	213
Net result related to the redemption of perpetual subordinated notes in 2014	-	6	6
Issuance costs, net of tax, related to subordinated notes issued in 2014	(7)	(7)	(14)

3. DIVIDENDS PAID

Dividends paid by the Societe Generale Group in 2014 amounted to EUR -1,537 million and are detailed in the following table:

(In millions of euros)	Group Share	Non-controlling interests	Total
Ordinary shares	(779)	(182)	(961)
o/w paid in shares	-	-	-
o/w paid in cash	*(779)*	*(182)*	*(961)*
Other equity instruments	(576)	-	(576)
Total	**(1,355)**	**(182)**	**(1,537)**

Note 27

COMMITMENTS

1. COMMITMENTS GRANTED AND RECEIVED

COMMITMENTS GRANTED

(In millions of euros)	31 December 2014	31 December 2013*
Loan commitments		
To banks	11,251	15,055
To customers		
Issuance facilities	-	-
Confirmed credit lines	118,483	108,001
Others	2,536	1,973
Guarantee commitments		
On behalf of banks	17,461	10,515
On behalf of customers(1)	52,412	51,979
Securities commitments		
Securities to be delivered	25,870	26,474

COMMITMENTS RECEIVED

(In millions of euros)	31 December 2014	31 December 2013*
Loan commitments		
From banks	56,235	65,245
Guarantee commitments		
From banks	74,982	69,794
Other commitments(2)	79,236	72,206
Securities commitments		
Securities to be received	26,228	26,818

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(1) Including capital and performance guarantees given to the holders of units in mutual funds managed by entities of the Group.

(2) Including guarantees granted by government and official agencies and other guarantees granted by customers for EUR 36,481 million as at 31 December 2014 versus 35,743 million as at 31 December 2013.

2. FORWARD FINANCIAL INSTRUMENT COMMITMENTS (NOTIONAL AMOUNTS)

	31 December 2014		31 December 2013*	
(In millions of euros)	Trading transactions	Hedging transactions	Trading transactions	Hedging transactions
Interest rate instruments				
Firm instruments				
Swaps	10,452,500	238,867	10,876,979	265,291
Interest rate futures	2,391,210	562	2,183,548	854
Options	*2,783,298*	*2,347*	*2,257,330*	*5,053*
Foreign exchange instruments				
Firm instruments	*2,130,738*	*8,790*	*1,901,873*	*6,710*
Options	*629,126*	*-*	*480,129*	*-*
Equity and index instruments				
Firm instruments	*76,862*	*-*	*72,288*	*-*
Options	*939,917*	*33*	*744,659*	*49*
Commodity instruments				
Firm instruments	*161,871*	*-*	*139,327*	*-*
Options	*62,807*	*-*	*53,924*	*-*
Credit derivatives	**900,268**	**-**	**905,937**	**-**
Other forward financial instruments	**55,446**	**372**	**12,469**	**285**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

Note 28

ASSETS PLEDGED AND RECEIVED AS SECURITY

1. ASSETS PLEDGED AS SECURITY

(In millions of euros)	31 December 2014	31 December 2013*
Book value of assets pledged as security for liabilities[(1)]	190,168	168,901
Book value of assets pledged as security for transactions in financial instruments[(2)]	31,728	24,309
Book value of assets pledged as security for off-balance sheet commitments	742	724
Total	**222,638**	**193,934**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(1) Assets pledged as security for liabilities mainly include loans given as guarantees for liabilities (guarantees notably provided to the central banks).

(2) Assets pledged as security for transactions in financial instruments mainly include surety deposits.

2. ASSETS RECEIVED AS SECURITY AND AVAILABLE FOR THE ENTITY

(In millions of euros)	31 December 2014	31 December 2013*
Fair value of reverse repos	**165,790**	**129,840**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

Note 29

TRANSFERRED FINANCIAL ASSETS

1. TRANSFERRED FINANCIAL ASSETS NOT DERECOGNISED

Transferred financial assets that are not derecognised include securities lending and repurchase agreements as well as certain loans transferred to consolidated securitisation vehicles.
The tables below show securities lending and repurchase agreements that only concern securities recognised on the asset side of the balance sheet in the categories indicated.
The accounting treatment of securities lending and repurchase agreements is presented in note 1 - Significant accounting principles.
With securities lending and repurchase agreements, the Group remains exposed to issuer default (credit risk) and to the increase or decrease of securities prices (market risk). The financial assets underlying securities lending and repurchase agreements cannot simultaneously be used as collateral in other transactions.
In 2014, no new securisation of customer loans have been subject to partial refinancing with external investors. The vehicles carrying these loans are consolidated by the Group.
The Group remains exposed to the majority of the risks and rewards associated with these loans. Furthermore, the loans can neither be used as collateral or sold outright in other transactions.

1.1. REPURCHASE AGREEMENTS

	31 December 2014		31 December 2013	
(In millions of euros)	Carring amount of transferred assets	Carrying amount of associated liabilities	Carring amount of transferred assets	Carrying amount of associated liabilities
Available-for-sale securities	7,752	6,567	3,444	3,377
Securities at fair value through profit or loss	39,864	34,916	44,883	43,372
Total	**47,616**	**41,483**	**48,327**	**46,749**

1.2. SECURITIES LENDING

	31 December 2014		31 December 2013	
(In millions of euros)	Carring amount of transferred assets	Carrying amount of associated liabilities	Carring amount of transferred assets	Carrying amount of associated liabilities
Securities at fair value through profit or loss	7,194	130	8,091	509
Total	**7,194**	**130**	**8,091**	**509**

1.3. SECURITISATION FOR WHICH THE COUNTERPARTIES TO THE ASSOCIATED LIABILITIES HAVE RECOURSE ONLY TO THE TRANSFERRED ASSETS

AS AT 31 DECEMBER 2014

(In millions of euros)	Carrying amount of transferred assets	Carrying amount of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities	Net position
Customer loans	874	665	908	666	242
Total	**874**	**665**	**908**	**666**	**242**

AS AT 31 DECEMBER 2013

(In millions of euros)	Carrying amount of transferred assets	Carrying amount of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities	Net position
Customer loans	1,860	1,485	1,872	1,489	383
Total	**1,860**	**1,485**	**1,872**	**1,489**	**383**

2. TRANSFERRED FINANCIAL ASSETS PARTIALLY OR FULLY DERECOGNISED

The Group has no material transferred financial assets that are either partially or fully derecognised.

Note 30

BREAKDOWN OF ASSETS AND LIABILITIES BY TERM TO MATURITY

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES[1]

(In millions of euros at 31 December 2014)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Due to central banks	4,620	-	-	-	-	**4,620**
Financial liabilities at fair value through profit or loss, except derivatives	237,862	15,703	26,672	40,113	-	**320,350**
Due to banks	63,715	7,730	16,804	3,146	-	**91,395**
Customer deposits	271,322	24,976	32,202	21,642	-	**350,142**
Debt securities issued	26,178	26,821	30,547	14,527	-	**98,073**
Subordinated debts	196	879	3,822	3,710	-	**8,607**
Total Liabilities	**603,893**	**76,109**	**110,047**	**83,138**	**-**	**873,187**
Loan commitment granted	46,024	17,722	62,447	7,597	-	**133,790**
Guarantee commitments granted	23,539	16,585	11,484	16,055	-	**67,663**
Total commitments granted	**69,563**	**34,307**	**73,931**	**23,652**	**-**	**201,453**

(1) The displayed amounts are the contractual amounts except provisional interest and except derivatives.

INSURANCE COMPANY UNDERWRITING RESERVES[2]

(In millions of euros at 31 December 2014)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Insurance company underwriting reserves	13,104	7,564	28,226	54,404	-	**103,298**

NOTIONAL MATURITIES OF COMMITMENTS IN FINANCIAL DERIVATIVES[3]

	ASSETS				LIABILITIES			
(In millions of euros at 31 December 2014)	Less than 1 year	1 to 5 years	More than 5 years	Total	Less than 1 year	1 to 5 years	More than 5 years	Total
Interest rate instruments								
Firm instruments								
Swaps	2,455,948	4,314,380	3,921,039	**10,691,367**	-	-	-	**-**
Interest rate futures	949,894	211,406	128	**1,161,428**	1,001,297	228,664	383	**1,230,344**
Options	*592,818*	*459,104*	*292,785*	***1,344,707***	*618,820*	*507,299*	*314,819*	***1,440,938***
Forex instruments								
Firm instruments	*1,352,258*	*537,551*	*249,719*	***2,139,528***	-	-	-	**-**
Options	*218,271*	*75,668*	*20,594*	***314,533***	*216,077*	*75,387*	*23,129*	***314,593***
Equity and index instruments								
Firm instruments	*23,414*	*3,337*	*336*	***27,087***	*45,758*	*3,563*	*454*	***49,775***
Options	*445,487*	*119,965*	*20,159*	***585,611***	*224,974*	*112,959*	*16,406*	***354,339***
Commodity instruments								
Firm instruments	*73,247*	*8,038*	*73*	***81,358***	*72,248*	*8,069*	*196*	***80,513***
Options	*17,500*	*10,248*	*2,968*	***30,716***	*19,435*	*9,853*	*2,803*	***32,091***
Credit derivatives	103,012	332,758	14,046	**449,816**	108,046	327,535	14,871	**450,452**
Other forward financial instruments	18,875	2,027	91	**20,993**	26,867	7,752	206	**34,825**

(3) These items are presented according to the contractual maturity of the financial instruments.

Note 31

FOREIGN EXCHANGE TRANSACTIONS

(In millions of euros)	31 December 2014				31 December 2013*			
	Assets	Liabilities	Currencies bought, not yet received	Currencies sold, not yet delivered	Assets	Liabilities	Currencies bought, not yet received	Currencies sold, not yet delivered
EUR	770,420	804,870	17,383	18,704	752,019	790,022	18,168	17,054
USD	320,543	282,406	39,950	40,091	264,237	227,135	42,998	40,083
GBP	52,643	43,044	3,224	5,448	44,782	32,640	2,767	7,490
JPY	37,032	48,595	8,788	9,081	40,590	43,438	9,581	7,978
AUD	5,074	4,859	2,430	2,805	4,042	3,983	6,040	4,590
CZK	30,229	31,867	507	1,009	27,335	29,064	157	401
RUB**	11,379	9,435	307	202	15,752	13,567	84	150
RON**	5,281	6,517	49	98	4,762	6,515	221	96
Other currencies	75,569	76,577	13,495	12,023	60,674	67,829	9,801	10,643
Total	**1,308,170**	**1,308,170**	**86,133**	**89,461**	**1,214,193**	**1,214,193**	**89,817**	**88,485**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

** Amounts adjusted with respect to the 31 December 2013 published financial statements.

Note 32

INSURANCE ACTIVITIES

UNDERWRITING RESERVES OF INSURANCE COMPANIES

(In millions of euros)	31 December 2014	31 December 2013*
Underwriting reserves for unit-linked policies	18,087	16,689
Life insurance underwriting reserves	75,360	70,515
Non-life insurance underwriting reserves	1,098	1,003
Deferred profit-sharing booked in liabilities	8,753	3,331
Total	**103,298**	**91,538**
Attributable to reinsurers	(282)	(253)
Underwriting reserves of insurance companies (including provisions for deferred profit-sharing) net of the share attributable to reinsurers	**103,016**	**91,285**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

STATEMENT OF CHANGES IN UNDERWRITING RESERVES OF INSURANCE COMPANIES

(In millions of euros)	Underwriting reserves for unit-linked policies	Life insurance underwriting reserves	Non-life insurance underwriting reserves
Reserves at 1 January 2014 (except provisions for deferred profit-sharing)*	**16,689**	**70,515**	**1,003**
Allocation to insurance reserves	488	3,039	48
Revaluation of unit-linked policies	900	-	-
Charges deducted from unit-linked policies	(120)	-	-
Transfers and arbitrage	27	(30)	-
New customers	2	-	-
Profit-sharing	103	1,765	-
Others	(2)	71	47
Reserves at 31 December 2014 (except provisions for deferred profit-sharing)	**18,087**	**75,360**	**1,098**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

In accordance with IFRS 4 and Group accounting standards, the Liability Adequacy Test (LAT) was performed as at 31 December 2014. This test assesses whether recognised insurance liabilities are adequate, using current estimates of future cash flows under insurance policies. It is carried out on the basis of stochastic modelling similar to the one used for asset/liability management. The result of the test as at 31 December 2014 was conclusive.

NET INVESTMENTS OF INSURANCE COMPANIES

(In millions of euros before elimination of intercompany transactions)	31 December 2014	31 December 2013*
Financial assets at fair value through Profit or Loss	**27,350**	**21,388**
Debt instruments	11,342	9,028
Equity instruments	16,008	12,360
Due from Banks	**10,328**	**10,638**
Available-for-sale financial assets	**82,796**	**74,196**
Debt instruments	73,326	63,366
Equity instruments	9,470	10,830
Investment property	**477**	**430**
Total(1)	**120,951**	**106,652**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(1) Investments in other Group companies that are made in representation of unit-linked liabilities are kept in the Group's consolidated balance sheet without any significant impact thereon.

UNDERWRITING INCOME OF INSURANCE COMPANIES

(In millions of euros)	2014	2013*
Earned premiums	11,904	10,578
Cost of benefits (including changes in reserves)	(12,243)	(11,307)
Net income from investments	4,198	4,766
Other net technical income (expense)	(3,158)	(3,360)
Contribution to operating income before elimination of intercompany transactions	**701**	**677**
Elimination of intercompany transactions(2)	181	539
Contribution to operating income after elimination of intercompany transactions	**882**	**1,216**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(2) This essentially concerns the elimination of fees paid by the insurance companies to the distribution networks and the elimination of financial income on investments made in other Group companies.

NET FEE INCOME

(In millions of euros before elimination of intercompany transactions)	2014	2013*
Received Fees		
Acquisition fees	531	516
Management fees	696	693
Others	35	36
Paid Fees		
Acquisition fees	(534)	(556)
Management fees	(336)	(314)
Others	(51)	(46)
Total Fees	**341**	**329**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

MANAGEMENT OF INSURANCE RISKS

There are two main types of insurance risks:
• technical risks, mainly pricing risks and risks of discrepancies in total fluctuations in claim experience: in non-life insurance and individual personal protection alike, profits are exposed to risks of deterioration in claim rates observed compared to claim rates anticipated at the time the price schedule is established. Discrepancies can be linked to multiple complex factors such as changes in the behaviour of the policyholders (lapses), changes in the macroeconomic environment, pandemics, natural disasters, mortality, morbidity, longevity, etc.
• risks linked to the financial markets and ALM: in life insurance, insurers are exposed to the instabilities of the financial markets (changes in interest rates and stock market fluctuations) which can be made worse by the policyholder behaviors.

Managing these risks is key to the insurance business line's activity. It is carried out by qualified and experienced teams, with major bespoke IT resources. Risks undergo regular monitoring and are reported to the General Management of both the entities concerned and the business lines.

In the area of pricing risks and risks of discrepancies in total loss experience, a number of guidelines are applied:
• heightened security for the risk acceptance process, with the aim of guaranteeing that the price schedule matches the policyholder's risk profile from the very beginning. Proper application of these procedures is verified via Quality Audits and multi-annual Internal Audits. These processes have been ISO-certified;
• monitoring of claim/premium ratios on a regular basis, based on statistics developed per year of occurrence. This analysis (expansion of the portfolio, level of provisions for reported claims and for incurred but not reported claims) allows pricing adjustments to be made, where applicable, for subsequent financial years;
• implementation of a reinsurance plan to protect the Group from major/serial claims.
Management of risks linked to the financial markets is just as much an integral part of the investment strategy as the aim of long-term performance. The optimisation of these two factors is highly influenced by the asset/liability balance. Liability commitments (guarantees offered to customers, maturity of policies), as well as the amounts booked under the major items on the balance sheet (shareholders' equity, income, provisions, reserves, etc.) are analysed by the Finance and Risk Department of the insurance business line. Societe Generale's overall asset and liability management policy is validated by the Group's General Management at the ALM Committee meetings held every six months.

Risk management and analysis are based on the following key principles:

- Asset/liability risk management:
• monitoring of long-term cash flows: the term of a liability is matched against the term of an asset, and cash flow peaks are strictly controlled in order to minimise liquidity risks,
• close monitoring of redemption flows and stress scenario simulations,
• close monitoring of the equity markets and stress scenario simulations,
• hedging of exchange rate risks (in the event of a rise or drop in the markets) using financial instruments.

- Financial risk management via the establishment of limits:
• counterparty limits (e.g. limits according to the issuer's country of domiciliation, distinction between sovereign issuers and private issuers),
• rating limits by issuer,
• limits per type of asset (e.g. equities, private equity).

All of these strategies are assessed by simulating various scenarios of financial market behaviour and insured party behaviour using stress tests and stochastic modelling.

Note 33

INTEREST INCOME AND EXPENSE

(In millions of euros)	2014	2013*
Transactions with banks	**1,281**	**1,304**
Demand deposits and interbank loans	1,073	1,100
Securities purchased under resale agreements and loans secured by notes and securities	208	204
Transactions with customers	**13,844**	**14,553**
Trade notes	570	625
Other customer loans(1)	12,520	13,152
Overdrafts	703	678
Securities purchased under resale agreements and loans secured by notes and securities	51	98
Transactions in financial instruments	**8,151**	**9,799**
Available-for-sale financial assets	3,042	3,102
Held-to-maturity financial assets	141	44
Securities lending	16	6
Hedging derivatives	4,952	6,647
Finance leases	**1,256**	**1,368**
Real estate finance leases	250	254
Non-real estate finance leases	1,006	1,114
Total interest income	**24,532**	**27,024**
Transactions with banks	**(1,129)**	**(1,155)**
Interbank borrowings	(994)	(1,008)
Securities sold under resale agreements and borrowings secured by notes and securities	(135)	(147)
Transactions with customers	**(6,118)**	**(6,476)**
Regulated savings accounts	(1,231)	(1,292)
Other customer deposits	(4,778)	(5,109)
Securities sold under resale agreements and borrowings secured by notes and securities	(109)	(75)
Transactions in financial instruments	**(7,286)**	**(9,365)**
Debt securities issued	(2,179)	(2,444)
Subordinated and convertible debt	(508)	(351)
Securities borrowing	(24)	(22)
Hedging derivatives	(4,575)	(6,548)
Other interest expense	**-**	**-**
Total interest expense(2)	**(14,533)**	**(16,996)**
Including interest income from impaired financial assets	*476*	*504*

(1) Breakdown of other customer loans

(In millions of euros)	2014	2013*
Short-term loans	4,398	4,733
Export loans	251	226
Equipment loans	2,025	2,205
Housing loans	4,359	4,491
Other customer loans	1,487	1,497
Total	**12,520**	**13,152**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(2) These expenses include the refinancing cost of financial instruments at fair value through P&L, which is classified in net gain or loss (See Note 35). Given that income and expenses booked in the income statement are classified by type of instrument rather than by purpose, the net income generated by activities in financial instruments at fair value through P&L must be assessed as a whole.

Note 34

FEE INCOME AND EXPENSE

(In millions of euros)	2014	2013*
Fee income from		
Transactions with banks	120	149
Transactions with customers	2,595	2,697
Securities transactions	618	534
Primary market transactions	255	183
Foreign exchange transactions and financial derivatives	930	143
Loan and guarantee commitments	731	782
Services	3,623	3,558
Others	287	301
Total fee income	**9,159**	**8,347**
Fee expense on		
Transactions with banks	(113)	(133)
Securities transactions	(669)	(579)
Foreign exchange transactions and financial derivatives	(817)	(308)
Loan and guarantee commitments	(78)	(93)
Others	(1,007)	(994)
Total fee expense	**(2,684)**	**(2,107)**

Fee income and expense includes:

(In millions of euros)	2014	2013*
Fee income excluding the effective interest rate linked to financial instruments which are not booked at fair value through profit or loss	3,705	3,864
Fee income linked to trust or similar activities	1,925	1,803
Fee expense excluding the effective interest rate linked to financial instruments which are not booked at fair value through profit or loss	(78)	(93)
Fee expense linked to trust or similar activities	(1,000)	(896)

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

Note 35

NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

(In millions of euros)	2014	2013*
Net gain/loss on non-derivative financial assets held for trading	7,186	14,219
Net gain/loss on financial assets measured using fair value option	2,479	1,331
Net gain/loss on non-derivative financial liabilities held for trading	(3,065)	(4,142)
Net gain/loss on financial liabilities measured using fair value option	(4,894)	(420)
Net gain/loss on derivative instruments	2,038	(6,658)
Net gain/loss on fair value hedging instruments	6,533	(1,330)
Revaluation of hedged items attributable to hedged risks	(5,839)	1,078
Ineffective portion of cash flow hedge	2	4
Net gain/loss on foreign exchange transactions	41	(328)
Total[(1)(2)]	**4,481**	**3,754**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(1) Insofar as income and expenses booked in the income statement are classified by type of instrument rather than by purpose, the net income generated by activities in financial instruments at fair value through P&L must be assessed as a whole. It should be noted that the income shown here does not include the refinancing cost of these financial instruments, which is shown under interest expense and interest income.

(2) Including:
- EUR -7 million for the Credit Valuation Adjustment (CVA), versus EUR -205 million in 2013;
- EUR 38 million for the Debt Valuation Adjustment (DVA), versus EUR 85 million in 2013 and;
- EUR -52 million for the Funding Valuation Adjustment (FVA), versus EUR 102 million in 2013.

The remaining amount to be recorded in the income statement resulting from the difference between the transaction price and the amount which would be established at this date using valuation techniques, minus the amount recorded in the income statement after initial recognition in the accounts, can be broken down as shown in the table below. This amount is recorded in the income statement over time or when the valuation techniques switch to observable parameters.

(In millions of euros)	2014	2013
Remaining amount to be recorded in the income statement as at 1 January	1,012	834
Amount generated by new transactions within the period	564	599
Amount recorded in the income statement within the period	(545)	(421)
O/w amortisation	*(216)*	*(192)*
O/w switch to observable parameters	*(28)*	*(19)*
O/w disposed, expired or terminated	*(302)*	*(210)*
O/w translation differences	*1*	-
Remaining amount to be recorded in the income statement as at 31 December	**1,031**	**1,012**

Note 36

NET GAINS AND LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

(In millions of euros)	2014	2013*
Current activities		
Gains on sale[(1)]	694	1,041
Losses on sale[(2)]	(235)	(381)
Impairment losses on variable-income securities	(8)	(4)
Profit-sharing on available-for-sale financial assets of insurance subsidiaries	(166)	(451)
Sub-total	**285**	**205**
Long-term equity investments		
Gains on sale	47	98
Losses on sale	(1)	(5)
Impairment losses on variable-income securities	(25)	(16)
Sub-total	**21**	**77**
Total	**306**	**282**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(1) O/w EUR 401 million for Insurance activities in 2014.

(2) O/w EUR -165 million for Insurance activities in 2014.

Note 37

INCOME AND EXPENSES FROM OTHER ACTIVITIES

(In millions of euros)	2014	2013*
Income from other activities		
Real estate development	75	78
Real estate leasing	109	81
Equipment leasing	7,025	6,683
Other activities(1)(2)	43,010	51,304
Sub-total	**50,219**	**58,146**
Expenses from other activities		
Real estate development	-	(3)
Real estate leasing	(34)	(48)
Equipment leasing	(4,762)	(4,506)
Other activities(2)(3)	(43,555)	(51,921)
Sub-total	**(48,351)**	**(56,478)**
Net total	**1,868**	**1,668**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(1) O/w EUR 12,440 million for Insurance activities in 2014.

(2) The variation in income and expenses from other activities is mainly due to lower volumes of non-ferrous metals on the London Metal Exchange.

(3) O/w EUR -12,012 million for Insurance activities in 2014.

Note 38

PERSONNEL EXPENSES

(In millions of euros)	2014	2013*
Employee compensation	(6,504)	(6,331)
Social security charges and payroll taxes	(1,581)	(1,580)
Net pension expenses - defined contribution plans	(657)	(659)
Net pension expenses - defined benefit plans	(95)	(168)
Employee profit-sharing and incentives	(212)	(281)
Total	**(9,049)**	**(9,019)**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

Note 39

SHARE-BASED PAYMENT PLANS

1. EXPENSES RECORDED IN THE INCOME STATEMENT

	2014			2013		
(In millions of euros)	Cash settled plans	Equity settled plans	Total plans	Cash settled plans	Equity settled plans	Total plans
Net expenses from purchase plans, stock option and free share plans	226.7	14.4	241.1	200.8	144.8	**345.6**

2. MAIN CHARACTERISTICS OF SOCIETE GENERALE STOCK-OPTION PLANS AND FREE SHARE PLANS

2.1. EQUITY-SETTLED STOCK OPTION PLANS FOR GROUP EMPLOYEES FOR THE YEAR ENDED 31 DECEMBER 2014 ARE BRIEFLY DESCRIBED BELOW:

- **2.1.1 Stock options (purchase and subscription)**

For plans 2007 to 2008, the information provided is limited due to the situation of the plans.

Issuer	**Societe Generale**	**Societe Generale**	**Societe Generale**	**Societe Generale**
Year of allocation	**2007**	**2008**	**2009**	**2010**
Type of plan			subscription stock option	subscription stock option
Shareholders agreement			05.27.2008	05.27.2008
Board of Directors' decision	01.19.2007	03.21.2008	03.09.2009	03.09.2010
Number of stock-options granted(1)			1 344 552(3)	1,000,000
O/w number of stock-options granted to Executive Committee members			155,289	415,596
Number of Executive Committee beneficiaries			7	10
Contractual life of options granted	7 years	7 years	7 years	7 years
Settlement			Societe Generale shares	Societe Generale shares
Vesting period			03.09.2009 - 03.31.2012	03.09.2010 - 03.31.2014
Performance conditions			yes(2)	yes(2)
Resignation from the Group			forfeited	forfeited
Redundancy			forfeited	forfeited
Retirement			maintained	maintained
Death			maintained for 6 months	maintained for 6 months
Share price at grant date (in euros)(1)(4)			23.18	43.64
Discount			0%	not applicable
Exercise price (in euros)(1)	115.6	63.6	23.18	41.2
Options authorised but not allocated			-	-
Options exercised as at 31 December 2014			148,089	445
Options forfeited as at 31 December 2014			912,191	657,392
Options outstanding as at 31 December 2014	-	965,317	284,272	342,163
Number of shares reserved as at 31 December 2014			-	-
Share price of shares reserved (in euros)			-	-
Total value of shares reserved (in millions of euros)			-	-
First authorised date for selling shares			03.31.2013	03.31.2014
Delay for selling after vesting period			1 year	-
Fair value (% of the share price at grant date)			27%	26%
Valuation method used to determine the fair value			Monte-Carlo	Monte-Carlo

(1) In accordance with IAS 33, as a result of the detachment of preferential subscription rights from Societe Generale, the historical share data have been adjusted for the coefficients given by Euronext which reflect the portion attributable to the share after detachment following the capital increases which took place in the fourth quarter of 2009.

(2) The performance conditions are described in the "corporate governance" section of the registration document. For the options granted in 2009, the performance conditions on the arithmetic average EPS 2009-2011 were not met.

(3) O/w 320,000 options initially granted to the Chief Executive Officer and his deputies who gave them up. These options have thus been forfeited.

(4) Average share price of 20 days prior to grant date for the 2009 plan and closing share price at grant date for the 2010 plan.

Note 39 (continued)

SHARE-BASED PAYMENT PLANS

2.1.2. Free shares

Issuer	Societe Generale	Societe Generale	Societe Generale	Societe Generale	Societe Generale
Year	**2010**	**2011**	**2012**	**2013**	**2014**
Shareholders agreement	05.27.2008	05.25.2010	05.25.2010	05.22.2012	05.22.2012
Board of Directors' decision	03.09.2010	03.07.2011	03.02.2012	03.14.2013	03.13.2014
Number of free shares granted(5)	4,200,000	2,351,605	2,975,763	1,846,313	1,010,775
Number of beneficiaries	5,617	5,969	6,363	6,338	6,082
O/w number of free shares granted to Executive Committee members	20,873	190,009	-	-	-
Number of Executive Committee beneficiaries	10	14	-	-	-
Settlement	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares	Societe Generale shares
Vesting period	Sub-plan n°1 : 03.09.2010 - 03.31.2013 (7) Sub-plan n°2 : 03.09.2010 - 03.31.2012 03.09.2010 - 03.31.2013(8)	03.07.2011 - 03.31.2013(8)(9)	03.02.2012 - 03.31.2014(8)(9)	03.14.2013 - 03.31.2015(8)(9)	03.13.2014 - 03.31.2016(8)(9)
Performance conditions	performance condition for certain recipients(7)	yes(6)	yes(6)	yes(6)	yes(6)
Resignation from the Group	forfeited	forfeited	forfeited	forfeited	forfeited
Redundancy	forfeited	forfeited	forfeited	forfeited	forfeited
Retirement	maintained	maintained	maintained	maintained	maintained
Death	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months	maintained for 6 months
Share price at grant date(5)	43.64	46.55	25.39	30.50	44.99
Shares delivered as at 31 December 2014	3,006,290	1,534,259	2,207,345	969	-
Shares forfeited as at 31 December 2014	1,193,710	532,842	143,695	52,741	7,616
Shares outstanding as at 31 December 2014	-	284,504	624,723	1,792,603	1,003,159
Number of shares reserved as at 31 December 2014	-	284,504	624,723	1,792,603	1,003,159
Share price of shares reserved (In euros)	47.71	45.67	29.75	18.94	15.48
Total value of shares reserved (In millions of euros)	-	12.99	18.59	33.95	15.53
First authorised date for selling the shares	Sub-plan n°1 : 03.31.2015 Sub-plan n°2 : 03.31.2014 03.31.2015	03.31.2015	04.01.2016	04.01.2017	04.01.2017
Delay for selling after vesting period	2 years	2 years(9)	2 years(9)	2 years(9)	2 years(9)
Fair value (% of share price at grant date)	vesting period 2 years : 86% vesting period 3 years : 82% (9)	86%	86%	86% for french tax residents 89% for non-french tax residents	84% for french tax residents 85% for non-french tax residents
Valuation method used to determine fair value	Arbitrage	Arbitrage	Arbitrage	Arbitrage	Arbitrage

(5) In accordance with IAS 33, as a result of the detachment of Societe Generale share preferential subscription right, the historical share data have been adjusted for the coefficients given by Euronext which reflect the portion attributable to the share after detachment following the capital increase which took place in the fourth quarter of 2009.

(6) The performance conditions are described in the "corporate governance" section of the registration document.

(7) For non-French tax residents, the vesting period is increased by one year and there is no mandatory holding period.

(8) In accordance with the provision of the Ministerial Order issued in France on 3 November 2009 and related to the remuneration of employees whose activities may have consequences on the risk exposure of banks and investment companies, the expense related to share-based payments granted to employees in financial markets is recorded in the income statement over the vesting period beginning on January 1 of the preceding year.

(9) For non-French tax residents, the vesting period is increased by two years and there is no mandatory holding period.

2.2. STATISTICS CONCERNING SOCIETE GENERALE STOCK-OPTION PLANS

Main figures concerning Societe Generale stock-option plans, for the year ended 31 December 2014:

	Options outstanding as at 1 January 2014	Options granted in 2014	Options forfeited in 2014	Options exercised in 2014	Options expired in 2014	Outstanding options as at 31 December 2014	Exercisable options as at 31 December 2014
Options granted in 2009	356,587	-	1,516	70,799	-	284,272	284,272
Options granted in 2010	350,238	-	7,630	445	-	342,163	342,163
Weighted average remaining contractual life						10 months	
Weighted average fair value at grant date (In euros)						12.7	
Weighted average share price at exercise date (In euros)				42.79			
Range of exercise prices (In euros)				34,55-47,95			

SHARE-BASED PAYMENT PLANS

Notes

* The main assumptions used to value Societe Generale stock-option plans are as follows:

	2009	2010
Risk-free interest rate	3.0%	2.9%
Implied share volatility	55%	29%
Forfeited rights rate	0%	0%
Expected dividend (yield) (% of the exercise price)	3.5%	1.3%
Expected life (after grant date)	5 years	5 years

Future volatility was estimated using the Group's implied volatility on 5-year options traded OTC (TOTEM parameters), which was about 29% in 2010. This implied volatility more accurately reflects the future volatility of the share.

3. MAIN CHARACTERISTICS OF THE FREE SHARE PLAN GRANTED TO ALL EMPLOYEES OF THE GROUP

In order to involve all employees of the Group in the success of the Ambition SG 2015 program, the Board of Directors decided at a meeting on 2 November 2010 to grant 40 Societe Generale shares to each Group employee (nearly 159,000 employees in 79 countries). The grants are subject to presence and performance conditions. The vesting period and the holding period depend on the location of the entity in which the employee works:
- in France: the vesting period for the first section, i.e 16 shares began on 2 November 2010 and ended on 29 March 2013 for the second section i.e. 24 shares. It began on the 2 November 2010 and ended on 31 March 2014. The shares are subject to a 2-year holding period;
- International: the vesting period for the first section i.e. 16 shares, began on 2 November 2010 and ends on 3 March 2015; for the second section i.e. 24 shares, it began on 2 November 2010 and ends on 3 March 2016. There is no holding period.

The performance conditions are described in the "Human Resources" section of the registration document.

There were no shares reserved at 31 December 2014 for the plan because it is a subscription plan.

The share price at the grant date is equal to EUR 42.1. The valuation method used to determine the fair values is the arbitrage model. These fair values (expressed as a % of the share price at the grant date) amount to:
- for France: 85% for the first section and 82% for the second section;
- International: 82% for the first section and 79% for the second section.

In countries where the granting of free shares is not possible or too complex, Societe Generale share cash equivalents are granted under the same presence and performance conditions applicable to free shares granted.

An assumption on annual withdrawal rate is applied for the determination of the plan expense; it amounts to 3.5% per year on average for employees eligible for the plan in France and to 10% per year on average for employees eligible for the plan outside France.

4. INFORMATION ON OTHER PLANS

ALLOCATION OF SG SHARES WITH A DISCOUNT RATE - GLOBAL EMPLOYEE SHARE OWNERSHIP PLAN

As part of the Group employee shareholding policy, on April 17, 2014 Societe Generale offered its employees the opportunity to subscribe for a reserved capital increase at a share price of EUR 35.85, with a discount of 20% compared to the average of the 20 Societe Generale share prices before this date.

Number of shares subscribed was 5,195,429 . There is no expense for this plan. Indeed, the valuation model used, which complies with the recommendation of the National Accounting Council on the accounting treatment of company savings plans, compares the gain the employee would have obtained if he had been able to sell the shares immediately and the notional cost that the 5-year holding period represents to the employee. This model leads to a unit value equal to 0 because the average of the closing trading prices for the SG shares during the subscription period (from May, 16 to May, 30) was below the subscription price offered to the employees.

SHARES GRANTED TO EACH CHIEF EXECUTIVE DIRECTOR

These shares are either granted as payment of part of the deferred annual variable pay, as required by the CRD IV European Directive, or these shares are awarded within the chief executive directors' long term incentive plan. These plans are described in the "corporate governance" section of the registration document.

Note 40

COST OF RISK

(In millions of euros)	2014	2013*
Counterparty risk		
Net allocation to impairment losses	(2,496)	(3,345)
Losses not covered	(266)	(289)
on bad loans	*(229)*	*(227)*
on other risks	*(37)*	*(62)*
Amounts recovered	167	151
on bad loans	*163*	*147*
on other risks	*4*	*4*
Other risks		
Net allocation to other provisions[1]	(372)	(567)
Total	**(2,967)**	**(4,050)**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(1) To take into account the developments in a number of legal risks, including in particular the ongoing judicial investigations and proceedings with the US and European authorities, as well as the French "Conseil d'Etat" ruling on the “precompte”, the Group has recognised a provision for disputes among its liabilities that has been adjusted in 2014 by an additional allowance of EUR 400 million to raise it to EUR 1 100 million.

Note 41

INCOME TAX

(In millions of euros)	2014	2013*
Current taxes	(1,192)	(1,190)
Deferred taxes	(192)	662
Total taxes(1)	**(1,384)**	**(528)**

(1) Reconciliation of the difference between the Group's standard tax rate and its effective tax rate:

	2014	2013*
Income before tax excluding net income from companies accounted for by the equity method and impairment losses on goodwill (in millions of euros)	4,687	2,911
Normal tax rate applicable to French companies (including 3.3% tax contributions)	34.43%	34.43%
Permanent differences	5.26%	4.30%
Differential on securities tax exempt or taxed at reduced rate	-0.55%	-4.41%
Tax rate differential on profits taxed outside France	-7.62%	-10.83%
Impact of non-deductible losses and use of tax losses carried forward	-2.00%	-5.33%
Group effective tax rate	**29.52%**	**18.16%**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

In France, the standard Corporate Income Tax rate is 33.33%. A *contribution sociale* (national contribution payment based on pre-tax earnings) was introduced in 2000 equal to 3.3% (after a deduction from basic taxable income of EUR 0.76 million). In 2011, an additional contribution of 5% was introduced, in respect of fiscal years 2011 and 2012 and subsequently renewed for fiscal years 2013 and 2014 at a tax rate of 10.7%, applicable to profitable companies generating revenue in excess of EUR 250 million. The Amended Financial Law of 8 August 2014 extends this additional contribution for the year 2015.

Long-term capital gains on equity investments are exempt, subject to taxation of a portion of fees and expenses at the full statutory tax rate. Since 31 December 2012, in accordance with the 2013 Finance Law, this portion of fees and expenses has been 12% of gross capital gains, versus 10% of net capital gains previously.

Dividends from companies in which Societe Generale's equity interest is at least 5% are tax exempt, subject to taxation of a 5% portion of fees and expenses at the full statutory tax rate.

The standard tax rate applicable to French companies to determine their deferred tax is 34.43%. The reduced rate is 4.13% taking into account the nature of the taxed transactions.

Note 42

EARNINGS PER SHARE

(In millions of euros)	2014	2013*
Net income, Group share	2,692	2,044
Net attributable income to deeply subordinated notes	(399)	(254)
Net attributable income to perpetual subordinated notes shareholders	(7)	(49)
Issuance fees relating to subordinated notes	(14)	(13)
Net result related to the redemption of the perpetual subordinated notes	6	(19)
Net attributable income to ordinary shareholders	**2,278**	**1,709**
Weighted average number of ordinary shares outstanding(1)	781,283,039	766,489,330
Earnings per ordinary share (in euros)	**2.92**	**2.23**
Average number of ordinary shares used in the dilution calculation(2)	173,659	339,295
Weighted average number of ordinary shares used in the calculation of diluted net earnings per share	781,456,698	766,828,625
Diluted earnings per ordinary share (in euros)	**2.91**	**2.23**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(1) Excluding treasury shares.

(2) The number of shares used in the dilution calculation is computed using the "shares buy-back" method and takes into account free shares and stock-options plans.
Stock-option plans' dilutive effect depends on the average stock-market price of Societe Generale which is, at 31 December 2014, EUR 40.90.
In this context, as at 31 December 2014, only free shares without performance condition of 2009 plans are considered as dilutive.

Note 43

TRANSACTIONS WITH RELATED PARTIES

1. DEFINITION

In accordance with the definitions provided under IAS 24, the Group's related parties include the following: members of the Board of Directors, corporate officers (the Chairman and Chief Executive Officers and the three Deputy Chief Executive Officers), their respective spouses and any children residing in the family home, and the subsidiaries which are either controlled exclusively or jointly by the Group, i.e. companies over which Societe Generale exercises significant influence.

1.1. REMUNERATION OF THE GROUP'S MANAGERS

This includes amounts effectively paid by the Group to Directors, Chief Executive Officer and his deputies as remuneration (including employer contributions), and other benefits under IAS 24 - paragraph 17 - as indicated below.

(In millions of euros)	31 December 2014	31 December 2013
Short-term benefits	12.0	9.1
Post-employment benefits	0.4	0.4
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	3.1	2.5
Total	**15.5**	**12.0**

The Registration Document contains a detailed description of the remuneration and benefits of the Group's senior managers.

1.2. RELATED PARTY TRANSACTIONS

The transactions with members of the Board of Directors, corporate officers and members of their families included in this note only comprise loans and guarantees outstanding as at 31 December 2014 for a total amount of EUR 10 million. All other transactions with these individuals were insignificant.

1.3. TOTAL AMOUNTS PROVISIONED OR BOOKED BY THE SOCIETE GENERALE GROUP FOR THE PAYMENT OF PENSIONS AND OTHER BENEFITS

The total amount provisioned or booked by the Societe Generale Group at 31 December 2014 under IAS 19 restated for the payment of pensions and other benefits to Societe Generale's Deputy Chief Executive Officers (Mr Cabannes, Mr Sammarcelli and Mr Sanchez Incera and the two staff-elected Directors) was EUR 12.1 million.

Note 43 (continued)

TRANSACTIONS WITH RELATED PARTIES

2. JOINT VENTURES AND ASSOCIATES

OUTSTANDING ASSETS WITH RELATED PARTIES

(In millions of euros)	31 December 2014	31 December 2013*
Financial assets at fair value through profit or loss	26	112
Other assets	199	2,638
Total outstanding assets	**225**	**2,750**

OUTSTANDING LIABILITIES WITH RELATED PARTIES

(In millions of euros)	31 December 2014	31 December 2013*
Liabilities at fair value through profit or loss	199	417
Customer deposits	6	1,384
Other liabilities	526	2,210
Total outstanding liabilities	**731**	**4,011**

NET BANKING INCOME FROM RELATED PARTIES

(In millions of euros)	2014	2013*
Interest and similar income	(3)	(4)
Fees	173	175
Net income from financial transactions	(30)	35
Net income from other activities	(5)	(4)
Net banking income	**135**	**203**

COMMITMENTS TO RELATED PARTIES

(In millions of euros)	31 December 2014	31 December 2013*
Loan commitments granted	-	-
Guarantee commitments granted	30	1,509
Forward financial instrument commitments	1,761	8,123

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

As at 31 December 2013, joint ventures included Newedge, controlled by the Group since 2014, thus explains the variation between the two periods.

Note 44

ADDITIONAL DISCLOSURES FOR CONSOLIDATED ENTITIES AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This note covers entities over which Societe Generale exercices exclusive control, joint control or significant influence, provided these entities have significant impact on the Group's consolidated financial statements. The significance is considered notably regarding Group consolidated total assets and gross operating income.

The following disclosures concern consolidated structured entities, non-controlling interests, associates and joint ventures (See paragraph 1 "Consolidation principles" of Note 1).

1. CONSOLIDATED STRUCTURED ENTITIES

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity (See paragraph 1 "Consolidation principles" of Note 1).

Consolidated structured entities include:
- collective investment vehicles such as SICAVs (open-ended investment funds) and mutual funds managed by the Group's asset management subsidiaries,
- securitisation funds and conduits issuing financial instruments that can be subscribed for by investors and that generate credit risks inherent in an exposure or basket of exposures which can be divided into tranches,
- and asset financing vehicles (aircraft, rail, shipping or real estate finance facilities).

As of 31 December 2014, the Group has not provided any financial support to these structured entities outside of normal market conditions.

2. NON-CONTROLLING INTERESTS

Non-controlling interests amounted to EUR 3,645 million at 31 December 2014 (vs. EUR 3,093 million at 31 December 2013) and accounted for 6% of Group shareholders' equity at 31 December 2014 (vs. 6% at 31 December 2013). The main Group's non-controlling interests amounted to EUR 2,851 million at 31 December 2014 (vs. EUR 1,944 million at 31 December 2013), related to:
- listed subsidiaries Komercni Banka, BRD - Groupe Societe Generale SA and SG Marocaine de Banques;
- perpetual subordinated notes issued in December 2014 by Sogecap (See Note 26).

Group ownership interests and Group voting interests in these entities are disclosed in Note 46.

3. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (ASSOCIATES AND JOINT VENTURES)

Entities accounted for using the equity method are:
- joint ventures, i.e. joint arrangements whereby the parties that have joint control of the arrangement have rights to the net asset of the arrangement,
- associates, i.e entities over which the Group has significant influence.

GROUP COMMITMENTS GRANTED TO OR FOR JOINT VENTURES

Loan and guarantee commitments granted by the Group to or for joint ventures were not material as at 31 December 2014.

SUMMARISED FINANCIAL INFORMATION FOR JOINT VENTURES AND ASSOCIATES

(In millions of euros)	Joint ventures		Associates		Total investments accounted for using the equity method	
Group share:	2014	2013	2014	2013	2014	2013
Net income	42	(84)	171	146	213	61
Unrealised or deferred gains and losses (net of tax)	22	36	85	(5)	106	31
Net income and unrealised or deferred gains and losses	**64**	**(48)**	**256**	**141**	**319**	**92**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

The main associate is Amundi Group.
As at 31 December 2014, the activities of joint ventures mainly comprised real estate development and insurance (sub-consolidated entities).
As at 31 December 2013, joint ventures included Newedge which became controlled by the Group in 2014, this explain the main changes between the two periods.

Note 45

UNCONSOLIDATED STRUCTURED ENTITIES

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity (See paragraph 1 “Consolidation principles” of Note 1).

The information provided hereafter concern entities structured by the Group. They are grouped by main types of similar activities, such as Financing activities, Asset management and Others (including Securitisation and Issuing vehicules).

Asset financing includes lease finance partnerships and similar vehicles that provide aircraft, rail, shipping or real estate finance facilities.

Asset management includes mutual funds managed by the Group’s asset management subsidiaries.

Securitisation includes securitisation funds or similar vehicles issuing financial instruments that can be subscribed for by investors and that generate credit risks inherent in an exposure or basket of exposures which can be divided into tranches.

The Group’s interests in unconsolidated entities that have been structured by third parties are classified among financial instruments in the consolidated balance sheet according to their nature (*Financial assets at fair value through profit or loss* or *Liabilities at fair value through profit or loss*, *Available-for-sale financial assets*, *Loans and Deposits*, *Debts* …).

1. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

The Group’s interests in an unconsolidated structured entity refer to contractual and non-contractual involvements that expose the Group to the variability of returns from the performance of this structured entity.

Such interests can be evidenced by:

- the holding of equity or debt instruments (regardless of their rank of subordination),
- other funding (loans, cash facilities, loan commitments, liquidity facilities),
- credit enhancement (guarantees, subordinated instruments, credit derivatives),
- issuance of guarantees (guarantee commitments),
- derivatives that absorb all or part of the risk of variability of the structured entity's returns, except Credit Default Swap (CDS) and options purchased by the Group,
- contracts remunerated by fees indexed to the structured entity's performance,
- tax consolidation agreements.

(In millions of euros)	**Asset financing**	**Asset management**	**Others**
Total Balance sheet of the entity[1]	**9,062**	**60,206**	**16,919**
Net carrying amounts of Group's interests in unconsolidated structured entities :			
Assets :	**4,691**	**9,822**	**3,363**
Financial assets at fair value through profit or loss	573	6,109	639
Available for sale financial assets	125	357	80
Banks and customers loans and receivables	3,984	173	2,618
Others	9	3,183	26
Liabilities :	**2,000**	**10,065**	**1,323**
Financial liabilities at fair value through profit or loss	173	5,369	664
Due to banks and customer deposits	1,819	1,259	654
Others	8	3,437	5

(1) for Asset management, NAV (Net Asset Value) of funds.

As of 31 December 2014, the Group has not provided any financial support to unconsolidated structured entities outside of normal market conditions.

The maximum exposure to loss related to interests in unconsolidated structured entities is measured as:
- the amortised cost or fair value(2) for non-derivative financial assets entered into with the structured entity depending on their measurement basis on the balance sheet,
- the fair value(2) of derivative financial assets recognised in the balance sheet,
- the notional amount of written Credit Default Swaps (maximum amount to pay),
- the notional amount of loan commitments or guarantee commitments granted.

(In millions of euros)	**Asset financing**	**Asset management**	**Others**
Amortised cost or fair value(2) (according to the measurement of the financial instrument) of non derivative financial assets entered into with the structured entity	4,077	7,525	2,099
Fair value(2) of derivatives financial assets recognised in the balance sheet	413	1,792	299
Notional amount of sold CDS (maximum amount to be paid)	-	-	-
Notional amount of loan or guarantee commitments granted	674	2,417	334
Maximum exposure to loss	**5,164**	**11,734**	**2,732**

The amount of maximum exposure to loss can be mitigated by:
- the notional amount of guarantee commitments received,
- the fair value(2) of collateral received,
- the carrying amount of surety deposits received.

These mitigating amounts must be capped in case of legal or contractual limitation of their realisable or recoverable amounts. They amounts to EUR 3.3 billion and mainly concern Financing activities.

(2) Fair value at the closing date, which may fluctuate in subsequent periods.

2. INFORMATION ON UNCONSOLIDATED STRUCTURED ENTITIES SPONSORED BY THE GROUP

The Group may have no interest in a structured entity, but be considered as a sponsor of this structured entity if it acts or has acted as:
- structurer,
- originator for potential investors,
- asset manager,
- implicit or explicit guarantor of the entity's performance (in particular via guarantees of capital or returns granted to unitholders).

A structured entity is also considered as to be sponsored by the Group if its name includes the name of the Group or the name of one of its subsidiaries.

Conversely, entities that are structured by the Group according to specific needs expressed by one or more customers or investors are considered to be sponsored by said customers or investors.

The total amount of the balance sheet of these unconsolidated structured entities, sponsored by the Group, and in which the Group does not have any interest, is EUR 495 million (including EUR 248 million for Asset financing).

The amount of income from these structured entities (mainly Asset financing) is EUR 10 million (including EUR 9 million concerning the gains on derecognition of interests in structured entities).

Note 46

COMPANIES INCLUDED IN THE CONSOLIDATION SCOPE

	COUNTRY	METHOD *	Group ownership interest		Group voting interest	
			31 December 2014	31 December 2013	31 December 2014	31 December 2013
FRANCE						
BANKS						
. SOCIETE ANONYME DE CREDIT A L'INDUSTRIE FRANCAISE (CALIF)	France	FULL	100.00	100.00	100.00	100.00
. BANQUE FRANCAISE COMMERCIALE OCEAN INDIEN	France	FULL	49.99	49.99	49.99	49.99
. CREDIT DU NORD(1)	France	FULL	100.00	100.00	100.00	100.00
. GENEBANQUE	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE DE BANQUE AUX ANTILLES	France	FULL	100.00	100.00	100.00	100.00
FINANCIAL COMPANIES						
. SOCIETE GENERALE SECURITIES SERVICES FRANCE	France	FULL	100.00	100.00	100.00	100.00
. INTER EUROPE CONSEIL	France	FULL	100.00	100.00	100.00	100.00
. LYXOR ASSET MANAGEMENT	France	FULL	100.00	100.00	100.00	100.00
. LYXOR INTERNATIONAL ASSET MANAGEMENT	France	FULL	100.00	100.00	100.00	100.00
. SG EUROPEAN MORTGAGE INVESTMENTS	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE SCF	France	FULL	100.00	100.00	100.00	100.00
. AMUNDI GROUP(1)	France	EJV	20.00	25.00	20.00	25.00
. FCT CODA	France	FULL	100.00	100.00	100.00	100.00
. FCT BLANCO	France	FULL	100.00	100.00	100.00	100.00
. FCT WATER DRAGON	France	FULL	100.00	100.00	100.00	100.00
. FQA FUND	France	FULL	100.00	100.00	100.00	100.00
. FCT MALZIEU(2)	France	FULL	100.00	-	100.00	-
. FPS (2)	France	FULL	100.00	-	100.00	-
. ESNI - COMPARTIMENT SG-CREDIT CLAIMS -(2)	France	FULL	100.00	-	100.00	-
. ANTALIS SA**(1)	France	FULL	100.00	100.00	100.00	100.00
SPECIALIST FINANCING						
. AIR BAIL	France	FULL	100.00	100.00	100.00	100.00
. TEMSYS(1)	France	FULL	100.00	100.00	100.00	100.00
. ALD INTERNATIONAL(1)	France	FULL	100.00	100.00	100.00	100.00
. COMPAGNIE FINANCIERE DE BOURBON	France	FULL	99.99	99.99	100.00	100.00
. COMPAGNIE GENERALE DE LOCATION D'EQUIPEMENTS(1)	France	FULL	99.88	99.88	99.88	99.88
. DISPONIS	France	FULL	99.94	99.94	100.00	100.00
. EVALPARTS(9)	France	-	-	100.00	-	100.00
. FENWICK LEASE	France	FULL	99.99	99.99	100.00	100.00
. FRANFINANCE	France	FULL	99.99	99.99	99.99	99.99
. FRANFINANCE LOCATION	France	FULL	99.99	99.99	100.00	100.00
. GENECAL FRANCE	France	FULL	100.00	100.00	100.00	100.00
. GENECOMI	France	FULL	99.64	99.70	99.64	99.70
. ORPAVIMOB	France	FULL	100.00	100.00	100.00	100.00
. RUSFINANCE SAS(4)	France	-	-	100.00	-	100.00
. SAGEMCOM LEASE	France	FULL	99.99	99.99	100.00	100.00
. SOCIETE GENERALE EQUIPMENT FINANCE S.A.	France	FULL	99.99	99.99	99.99	99.99
. SG SERVICES	France	FULL	100.00	100.00	100.00	100.00
. SOGEFIMUR(1)	France	FULL	100.00	100.00	100.00	100.00
. SOGEFINANCEMENT(1)	France	FULL	100.00	100.00	100.00	100.00
. SOGEFINERG SG POUR LE FINANCEMENT DES INVESTISSEMENTS ECONOMISANT L'ENERGIE	France	FULL	100.00	100.00	100.00	100.00
. SOGELEASE FRANCE	France	FULL	100.00	100.00	100.00	100.00
. SOLOCVI(4)	France	-	-	99.99	-	100.00
. FCT RED & BLACK FRENCH SMALL BUSINESS	France	FULL	100.00	100.00	100.00	100.00
. LA BANQUE POSTALE FINANCEMENT	France	EJV	35.00	35.00	35.00	35.00
. SOCIETE GENERALE SFH	France	FULL	100.00	100.00	100.00	100.00
. PHILIPS MEDICAL CAPITAL FRANCE	France	FULL	60.00	59.99	60.00	60.00
PORTFOLIO MANAGEMENT						
. FCT R&B BDDF PPI	France	FULL	100.00	100.00	100.00	100.00
. FCC ALBATROS	France	FULL	100.00	100.00	51.00	51.00
. FINAREG	France	FULL	100.00	100.00	100.00	100.00
. GENE ACT 1	France	FULL	100.00	100.00	100.00	100.00
. GENEFINANCE	France	FULL	100.00	100.00	100.00	100.00
. GENEVAL(1)	France	FULL	100.00	100.00	100.00	100.00
. GENINFO	France	FULL	100.00	100.00	100.00	100.00
. LIBECAP	France	FULL	100.00	100.00	100.00	100.00
. LA FONCIERE DE LA DEFENSE	France	FULL	99.99	99.99	100.00	100.00
. SG CAPITAL DEVELOPPEMENT	France	FULL	100.00	100.00	100.00	100.00
. SG CONSUMER FINANCE	France	FULL	100.00	100.00	100.00	100.00
. SG FINANCIAL SERVICES HOLDING	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE SECURITIES SERVICES HOLDING(1)	France	FULL	100.00	100.00	100.00	100.00
. SOGEFIM HOLDING	France	FULL	100.00	100.00	100.00	100.00
. SOGENAL PARTICIPATIONS(4)	France	-	-	100.00	-	100.00
. SOCIETE GENERALE DE PARTICIPATIONS(4)	France	-	-	100.00	-	100.00
. SOGEPARTICIPATIONS(1)	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE CAPITAL PARTENAIRES	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE DE LA RUE EDOUARD VII	France	FULL	99.91	99.91	99.91	99.91
. VOURIC	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE PARTICIPATIONS INDUSTRIELLES	France	FULL	100.00	100.00	100.00	100.00
BROKERS						
. BOURSORAMA SA(1)	France	FULL	79.51	57.24	79.51	57.24
. SOCIETE GENERALE ENERGIE	France	FULL	99.99	100.00	99.99	100.00
. SG EURO CT	France	FULL	100.00	100.00	100.00	100.00
. SG OPTION EUROPE	France	FULL	100.00	100.00	100.00	100.00
. SG SECURITIES (PARIS) SAS	France	FULL	100.00	100.00	100.00	100.00
. NEWEDGE GROUP(1)(7)	France	FULL	100.00	50.00	100.00	50.00
REAL ESTATE AND REAL ESTATE FINANCING						
. GALYBET	France	FULL	100.00	100.00	100.00	100.00
. GENEFIM(1)	France	FULL	100.00	100.00	100.00	100.00
. GENEFIMMO HOLDING(1)	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE POUR LE DEVELOPPEMENT DES OPERATIONS DE CREDIT-BAIL IMMOBILIER "SOGEBAIL"	France	FULL	100.00	100.00	100.00	100.00
. SOGEPROM(1)	France	FULL	100.00	100.00	100.00	100.00
. SOPHIA-BAIL	France	FULL	51.00	51.00	51.00	51.00

Note 46

COMPANIES INCLUDED IN THE CONSOLIDATION SCOPE

	COUNTRY	METHOD *	Group ownership interest		Group voting interest	
			31 December 2014	31 December 2013	31 December 2014	31 December 2013
SERVICES						
. COMPAGNIE GENERALE D'AFFACTURAGE	France	FULL	100.00	100.00	100.00	100.00
. PAREL	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE SECURITIES SERVICES NET ASSET VALUE	France	FULL	100.00	99.88	100.00	99.88
GROUP REAL ESTATE MANANGEMENT COMPANIES						
. COMPAGNIE FONCIERE DE LA MEDITERRANEE (CFM)[1]	France	FULL	100.00	100.00	100.00	100.00
. ELEAPARTS[5]	France	-	-	100.00	-	100.00
. GENEGIS I	France	FULL	100.00	100.00	100.00	100.00
. GENEGIS II	France	FULL	100.00	100.00	100.00	100.00
. GENEVALMY	France	FULL	100.00	100.00	100.00	100.00
. SOGEMARCHE	France	FULL	100.00	100.00	100.00	100.00
. SOGECAMPUS	France	FULL	100.00	100.00	100.00	100.00
. SC ALICANTE 2000	France	FULL	100.00	100.00	100.00	100.00
. SC CHASSAGNE 2000	France	FULL	100.00	100.00	100.00	100.00
. OPERA 72	France	FULL	99.99	99.99	100.00	100.00
. SOCIETE IMMOBILIERE DU 29 BOULEVARD HAUSSMANN	France	FULL	100.00	100.00	100.00	100.00
. SOGE PERIVAL I	France	FULL	100.00	100.00	100.00	100.00
. SOGE PERIVAL II	France	FULL	100.00	100.00	100.00	100.00
. SOGE PERIVAL III	France	FULL	100.00	100.00	100.00	100.00
. SOGE PERIVAL IV	France	FULL	100.00	100.00	100.00	100.00
. SOGEFONTENAY	France	FULL	100.00	100.00	100.00	100.00
. SOGINFO - SOCIETE DE GESTION ET D'INVESTISSEMENTS FONCIERS	France	FULL	100.00	100.00	100.00	100.00
. SOCIETE DES TERRAINS ET IMMEUBLES PARISIENS (STIP)	France	FULL	99.98	99.99	100.00	100.00
. VALMINVEST	France	FULL	100.00	100.00	100.00	100.00
INSURANCE						
. GENECAR - SOCIETE GENERALE DE COURTAGE D'ASSURANCE ET DE REASSURANCE	France	FULL	100.00	100.00	100.00	100.00
. ORADEA VIE	France	FULL	100.00	100.00	100.00	100.00
. SOGECAP[1]	France	FULL	100.00	100.00	100.00	100.00
. SOGESSUR	France	FULL	100.00	100.00	100.00	100.00
. SOGECAP RISQUES DIVERS[10]	France	-	-	100.00	-	100.00
EUROPE						
BANKS						
. OHRIDSKA BANKA AD SKOPJE	Macedonia	FULL	70.02	70.02	72.31	72.68
. COMMERCIAL BANK DELTACREDIT[1]	Russia	FULL	99.49	92.40	100.00	100.00
. BRD - GROUPE SOCIETE GENERALE SA[1]	Romania	FULL	60.17	60.17	60.17	60.17
. BANKA SOCIETE GENERALE ALBANIA SH.A.	Albania	FULL	88.64	88.64	88.64	88.64
. BANK REPUBLIC[1]	Georgia	FULL	93.64	93.64	93.64	93.64
. KOMERCNI BANKA A.S (1)	Czech republic	FULL	60.73	60.73	60.73	60.73
. SOCIETE GENERALE BANK NEDERLAND N.V.[11]	Netherlands	-	-	100.00	-	100.00
. SG EXPRESS BANK[1]	Bulgaria	FULL	99.74	99.74	99.74	99.74
. SG HAMBROS LIMITED (HOLDING)[1]	United kingdom	FULL	100.00	100.00	100.00	100.00
. SG PRIVATE BANKING SUISSE SA[1]	Switzerland	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE BANKA SRBIJA	Serbia	FULL	100.00	100.00	100.00	100.00
. SOCIÉTÉ GÉNÉRALE BANK AND TRUST LUXEMBOURG[1]	Luxembourg	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE PRIVATE BANKING (MONACO)	Monaco	FULL	100.00	100.00	100.00	100.00
. SKB BANKA[1]	Slovenia	FULL	99.73	99.72	99.73	99.72
. SOCIETE GENERALE PRIVATE BANKING NV/SA	Belgium	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE-SPLITSKA BANKA D.D.[1]	Croatia	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE SECURITIES SERVICES S.P.A.	Italy	FULL	100.00	100.00	100.00	100.00
. ROSBANK[1]	Russia	FULL	99.49	92.40	99.49	92.40
. MOBIASBANCA GROUPE SOCIETE GENERALE	Moldova	FULL	79.93	79.93	87.90	87.90
. SOCIETE GENERALE BANKA MONTENEGRO A.D.	Montenegro	FULL	90.56	90.56	90.56	90.56
FINANCIAL COMPANIES						
. SGSS (IRELAND) LIMITED	Ireland	FULL	100.00	100.00	100.00	100.00
. SOLENTIS INVESTMENT SOLUTIONS PCC	Jersey	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE HEDGING LIMITED	Ireland	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE LDG	Luxembourg	FULL	100.00	100.00	100.00	100.00
. BRD FINANCE IFN S.A.	Romania	FULL	80.48	80.48	100.00	100.00
. BRIGANTIA INVESTMENTS B.V.[8]	Netherlands	-	-	100.00	-	100.00
. CLARIS IV LTD	Jersey	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE BANK & TRUST CREDIT INTERNATIONAL	Luxembourg	FULL	100.00	100.00	100.00	100.00
. HALYSA S.A..[4]	Luxembourg	-	-	100.00	-	100.00
. IRIS II SPV LIMITED	Ireland	FULL	100.00	100.00	100.00	100.00
. IVEFI SA	Luxembourg	FULL	100.00	100.00	100.00	100.00
. LYXOR MASTER FUND	Jersey	FULL	100.00	100.00	100.00	100.00
. LYXOR ASSET MANAGEMENT (IRELAND) LIMITED[4]	Ireland	-	-	100.00	-	100.00
. SG ISSUER	Luxembourg	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE CONSUMER FINANCE HOLDING HELLAS S.A.[4]	Greece	-	-	100.00	-	100.00
. SG EFFEKTEN	Germany	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE IMMOBEL	Belgium	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE INVESTMENTS (U.K.) LIMITED[1]	United kingdom	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE CAPITAL MARKET FINANCE[2]	Luxembourg	FULL	100.00	-	100.00	-
. CODEIS SECURITIES S.A.	Luxembourg	FULL	100.00	100.00	100.00	100.00
. ALEF II[3]	Luxembourg	FULL	100.00	-	100.00	-
. EUROPEAN FUND SERVICES SA	Luxembourg	FULL	100.00	100.00	100.00	100.00
. CONDORCET GLOBAL OPPORTUNITY UNIT TRUST - CONDORCET GLOBAL OPPORTUNITY FUND	Ireland	FULL	99.60	100.00	99.60	100.00
. CONDORCET VOLATILITY ARBITRAGE LIMITED[4]	Ireland	-	-	100.00	-	100.00
. ARAMIS CORP. LIMITED	Ile guernesey	FULL	100.00	100.00	100.00	100.00
. CONDORCET UNIT TRUST - CONDORCET CAPITAL STRUCTURE ARBITRAGE FUND[4]	Ireland	-	-	100.00	-	100.00
. SOCIETE GENERALE FINANCING AND DISTRIBUTION	Luxembourg	FULL	100.00	100.00	100.00	100.00
. ARAMIS II SECURITIES CO, LTD	Ile guernesey	FULL	100.00	100.00	100.00	100.00
. COMPTOIR DE VALEURS DE BANQUE[1]	Luxembourg	FULL	100.00	100.00	100.00	100.00
SPECIALIST FINANCING						
. ALD AUTOMOTIVE SRL	Romania	FULL	92.03	92.03	100.00	100.00
. SG EQUIPMENT FINANCE IBERIA, E.F.C, S.A.	Spain	FULL	100.00	100.00	100.00	100.00

COMPANIES INCLUDED IN THE CONSOLIDATION SCOPE

	COUNTRY	METHOD *	Group ownership interest		Group voting interest	
			31 December 2014	31 December 2013	31 December 2014	31 December 2013
. LLC RUSFINANCE	Russia	-	-	92.40	-	100.00
. LLC RUSFINANCE BANK[1]	Russia	FULL	99.49	92.40	100.00	100.00
. SG EQUIPMENT FINANCE ITALY S.P.A.[1]	Italy	FULL	100.00	100.00	100.00	100.00
. AXUS SA/NV	Belgium	FULL	100.00	100.00	100.00	100.00
. ALD AUTOMOTIVE A/S[1]	Denmark	FULL	100.00	100.00	100.00	100.00
. AXUS FINLAND OY(1)	Finland	FULL	100.00	100.00	100.00	100.00
. ALD AUTOMOTIVE ITALIA S.R.L[1]	Italy	FULL	100.00	100.00	100.00	100.00
. AXUS NEDERLAND BV[1]	Netherlands	FULL	100.00	100.00	100.00	100.00
. ALD AUTOMOTIVE AS(1)	Norway	FULL	100.00	100.00	100.00	100.00
. ALD AUTOMOTIVE AB	Sweden	FULL	100.00	100.00	100.00	100.00
. ALD AUTOLEASING D GMBH[1]	Germany	FULL	100.00	100.00	100.00	100.00
. ALD AUTOMOTIVE GROUP PLC[1]	United kingdom	FULL	100.00	100.00	100.00	100.00
. ALD AUTOMOTIVE SRO	Czech republic	FULL	100.00	100.00	100.00	100.00
. ALD INTERNATIONAL SAS & CO. KG	Germany	FULL	100.00	100.00	100.00	100.00
. ALD LEASE FINANZ GMBH	Germany	FULL	100.00	100.00	100.00	100.00
. SGALD AUTOMOTIVE SOCIEDADE GERAL DE COMERCIO E ALUGUER DE BENZ SA	Portugal	FULL	100.00	100.00	100.00	100.00
. ALD AUTOMOTIVE S.A.U	Spain	FULL	100.00	100.00	100.00	100.00
. AXUS LUXEMBOURG SA	Luxembourg	FULL	100.00	100.00	100.00	100.00
. THE EIFFEL LIMITED PARTNERSHIP	United kingdom	FULL	100.00	100.00	100.00	100.00
. ESSOX SRO	Czech republic	FULL	80.00	80.00	100.00	100.00
. EURO BANK S.A.	Poland	FULL	99.52	99.52	99.52	99.52
. FIDITALIA S.P.A	Italy	FULL	100.00	100.00	100.00	100.00
. FRAER LEASING SPA	Italy	FULL	73.85	73.85	73.85	73.85
. SG EQUIPMENT FINANCE CZECH REPUBLIC S.R.O.[1]	Czech republic	FULL	80.33	80.33	100.00	100.00
. SG LEASING SPA	Italy	FULL	100.00	100.00	100.00	100.00
. SG EQUIPMENT LEASING POLSKA SP Z.O.O.[1]	Poland	FULL	100.00	100.00	100.00	100.00
. GEFA GESELLSCHAFT FUR ABSATZFINANZIERUNG MBH	Germany	FULL	100.00	100.00	100.00	100.00
. GEFA LEASING GMBH	Germany	FULL	100.00	100.00	100.00	100.00
. HANSEATIC BANK GMBH & CO KG	Germany	FULL	75.00	75.00	75.00	75.00
. MONTALIS INVESTMENT BV[1]	Netherlands	FULL	100.00	100.00	100.00	100.00
. SGBT FINANCE IRELAND LIMITED	Ireland	FULL	100.00	100.00	100.00	100.00
. SG EQUIPMENT FINANCE BENELUX BV	Netherlands	FULL	100.00	100.00	100.00	100.00
. SG EQUIPMENT FINANCE INTERNATIONAL GMBH	Germany	FULL	100.00	100.00	100.00	100.00
. SG EQUIPMENT FINANCE SCHWEIZ AG	Switzerland	FULL	100.00	100.00	100.00	100.00
. SG EQUIPMENT FINANCE SA & CO KG[4]	Germany	FULL	100.00	100.00	100.00	100.00
. SG FACTORING SPA[8]	Italy	FULL	100.00	100.00	100.00	100.00
. SG FINANS AS	Norway	FULL	100.00	100.00	100.00	100.00
. SG HOLDING DE VALORES Y PARTICIPATIONES S.L.[1]	Spain	-	-	100.00	-	100.00
. SG LEASING XII[1]	United kingdom	-	-	100.00	-	100.00
. SOCIETE GENERALE ITALIA HOLDING S.P.A	Italy	FULL	100.00	100.00	100.00	100.00
. SOGELEASE B.V.	Netherlands	FULL	100.00	100.00	100.00	100.00
. PEMA GMBH[1]	Germany	FULL	100.00	100.00	100.00	100.00
. MILFORD	Belgium	FULL	100.00	100.00	100.00	100.00
. SGSS DEUTSCHLAND KAPITALANLAGEGESELLSCHAFT MBH	Germany	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE EQUIPMENT FINANCE LIMITED	United kingdom	FULL	100.00	100.00	100.00	100.00
BROKERS						
. SOCIETE GENERALE SECURITIES SERVICES UK LIMITED[2]	United kingdom	FULL	100.00	100.00	100.00	100.00
. SOCGEN INVERSIONES FINANCIERAS SA	Spain	FULL	100.00	100.00	100.00	100.00
SERVICES						
. SOCIETE GENERALE EUROPEAN BUSINESS SERVICES S.A.	Romania	FULL	99.99	-	100.00	-
INSURANCE						
. GENERAS SA	Luxembourg	-	-	100.00	-	100.00
. INORA LIFE LTD	Ireland	FULL	100.00	100.00	100.00	100.00
. KOMERCNI POJISTOVNA A.S	Czech republic	FULL	80.76	80.76	100.00	100.00
. SOGELIFE	Luxembourg	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE STRAKHOVANIE ZHIZNI LLC	Russia	FULL	99.90	98.56	100.00	100.00
. SOCIETE GENERALE RE SA	Luxembourg	FULL	100.00	100.00	100.00	100.00
. SG STRAKHOVANIE LLC	Russia	FULL	99.90	98.56	100.00	100.00
AFRICA AND MIDDLE-EAST						
BANKS						
. SOCIETE GENERALE TCHAD	Chad	FULL	55.19	55.19	66.16	66.16
. BANKY FAMPANDROSOANA VAROTRA SG	Madagascar	FULL	70.00	70.00	70.00	70.00
. SOCIETE GENERALE BURKINA FASO	Burkina faso	FULL	51.27	51.27	52.61	52.61
. SG DE BANQUES EN GUINEE EQUATORIALE	Equatorial guinea	FULL	52.44	52.44	57.23	57.24
. SOCIETE GENERALE ALGERIE[1]	Algeria	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE CAMEROUN	Cameroon	FULL	58.08	58.08	58.08	58.08
. SG DE BANQUES EN COTE D'IVOIRE[1]	Cote d'ivoire	EJV	73.25	73.25	73.25	73.25
. SG DE BANQUES EN GUINEE	Guinea	FULL	57.94	57.94	57.94	57.94
. SG DE BANQUE AU LIBAN[1]	Lebanon	EQUITY	16.80	16.80	16.80	16.80
. SG DE BANQUES AU SENEGAL	Senegal	FULL	64.45	64.45	64.87	64.87
. SG MAROCAINE DE BANQUES	Morocco	FULL	57.01	57.01	57.01	57.01
. SOCIETE GENERALE GHANA LIMITED	Ghana	FULL	52.24	52.24	52.24	52.24
. UNION INTERNATIONALE DE BANQUES	Tunisia	FULL	55.10	57.20	52.34	52.34
. SOCIETE GENERALE-BENIN	Benin	FULL	83.19	79.33	83.85	80.00
SPECIALIST FINANCING						
. ALD AUTOMOTIVE SA MAROC	Morocco	FULL	43.55	43.55	50.00	50.00
. SOCIETE D' EQUIPEMENT DOMESTIQUE ET MENAGER "EQDOM	Morocco	FULL	45.65	45.65	53.72	53.72
INSURANCE						
. LA MAROCAINE VIE[1]	Morocco	FULL	88.88	88.88	99.98	99.98
THE AMERICAS						
BANKS						
. BANCO SOCIETE GENERALE BRASIL S.A.[1]	Brazil	FULL	100.00	100.00	100.00	100.00
. BANCO PECUNIA S.A.	Brazil	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE(CANADA)	Canada	FULL	100.00	100.00	100.00	100.00
. BANCO CACIQUE S.A.	Brazil	FULL	100.00	100.00	100.00	100.00
. SG AMERICAS SECURITIES HOLDINGS, LLC[4]	United states	FULL	100.00	100.00	100.00	100.00
. SG EQUIPMENT FINANCE S.A. ARRENDAMENTO MERCANTIL	Brazil	FULL	100.00	100.00	100.00	100.00
FINANCIAL COMPANIES						
. SGFP MEXICO, S. DE R.L. DE C.V.	Mexico	FULL	100.00	100.00	100.00	100.00
. SGE HOLDINGS INC.	Canada	-	-	100.00	-	100.00
. SGA SOCIETE GENERALE ACCEPTANCE N.V.("SGA")[3]	Curacao	FULL	100.00	100.00	100.00	100.00
. SG AMERICAS, INC.	United states	FULL	100.00	100.00	100.00	100.00
. BARTON CAPITAL LLC**	United states	FULL	100.00	100.00	100.00	100.00
BROKERS						
. NEWEDGE USA, LLC[3]	United states	FULL	100.00	-	100.00	-
SPECIALIST FINANCING						
. SG CONSTELLATION CANADA LTD.	Canada	FULL	100.00	100.00	100.00	100.00
. SG EQUIPMENT FINANCE USA CORP.[1]	United states	FULL	100.00	100.00	100.00	100.00

Note 46

COMPANIES INCLUDED IN THE CONSOLIDATION SCOPE

	COUNTRY	METHOD *	Group ownership interest		Group voting interest	
			31 December 2014	31 December 2013	31 December 2014	31 December 2013
. BENNINGTON STARK CAPITAL COMPANY, LLC	United states	-	-	100.00	-	100.00
PORTFOLIO MANAGEMENT						
. LYXOR ASSET MANAGEMENT HOLDING CORP.	United states	FULL	100.00	100.00	100.00	100.00
INSURANCE						
. CATALYST RE INTERNATIONAL LTD.	Bermuda	FULL	100.00	100.00	100.00	100.00
ASIA AND OCEANIA						
BANKS						
. SOCIETE GENERALE SECURITIES(NORTH PACIFIC) LTD	Japan	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE(CHINA) LIMITED(7)	China	FULL	100.00	100.00	100.00	100.00
. BANQUE DE POLYNESIE	French polynesia	FULL	72.10	72.10	72.10	72.10
. SOCIETE GENERALE CALEDONIENNE DE BANQUE(1)	New caledonia	FULL	90.10	90.10	90.10	90.10
FINANCIAL COMPANIES						
. FORTUNE SG FUND MANAGEMENT CO. , LTD.**(1)	China	ESI	49.00	49.00	49.00	49.00
. SOCIETE GENERALE ASIA LTD	Hong kong	FULL	100.00	100.00	100.00	100.00
. TH INVESTMENTS(HONG KONG) 1 LIMITED	Hong kong	FULL	100.00	100.00	100.00	100.00
. TH INVESTMENTS(HONG KONG) 3 LIMITED	Hong kong	FULL	100.00	100.00	100.00	100.00
BROKERS						
. SG SECURITIES ASIA INTERNATIONAL HOLDINGS LTD(HONG-KONG)	Hong kong	FULL	100.00	100.00	100.00	100.00
. SG SECURITIES KOREA CO, LTD.	South korea	FULL	100.00	100.00	100.00	100.00
SERVICES						
. SOCIETE GENERALE GLOBAL SOLUTION CENTRE PRIVATE	India	FULL	100.00	100.00	100.00	100.00
SPECIALIST FINANCING						
. SOCIETE GENERALE LEASING AND RENTING CO. LTD	China	FULL	100.00	100.00	100.00	100.00
PORTFOLIO MANAGEMENT						
. LYXOR ASSET MANAGEMENT JAPAN CO LTD	Japan	FULL	100.00	100.00	100.00	100.00
. SOCIETE GENERALE GLOBAL SOLUTION CENTRE PRIVATE	India	FULL	100.00	100.00	100.00	100.00

*FULL : full consolidation - EJV : Equity (Joint Venture) - ESI : Equity (significant influence)
**Changes in consolidation scope due to the retrospective application of IFRS10 and IFRS11

(1) Companies carrying out sub-consolidation. Sub-consolidated entities are not mentioned in this note.
(2) Consolidated for the first time in 2014.
(3) Companies now consolidated directly.
(4) Entities deconsolidated during 2014.
(5) Entities wound up in 2014.
(6) Entities sold in 2014.
(7) Change of consolidation method.
(8) Entities now sub-consolidated.
(9) Dissolution by transfer of assets with GENEFINANCE.
(10) Merger with SOGESSUR.
(11) Disssolution by transfer of assets with Générale Capital Market Finance.

Note 47

SEGMENT INFORMATION

SEGMENT INFORMATION BY BUSINESS LINES

Amounts by business lines include the new organisation of Group activities.

(In millions of euros)	Societe Generale Group 2014	Societe Generale Group 2013*	French Retail Banking 2014	French Retail Banking 2013*	Corporate Centre[2] 2014	Corporate Centre[2] 2013*
Net banking income	23,561	22,433	8,275	8,437	(896)	(2,147)
Operating Expenses[1]	(16,016)	(16,046)	(5,356)	(5,358)	(96)	(249)
Gross operating income	**7,545**	**6,387**	**2,919**	**3,079**	**(992)**	**(2,396)**
Cost of risk	(2,967)	(4,050)	(1,041)	(1,258)	(403)	(411)
Operating income	**4,578**	**2,337**	**1,878**	**1,821**	**(1,395)**	**(2,807)**
Net income from companies accounted for by the equity method	213	61	45	37	20	26
Net income / expense from other assets	109	574	(21)	1	333	563
Impairment of goodwill	(525)	(50)	-	-	-	-
Earnings before tax	**4,375**	**2,922**	**1,902**	**1,859**	**(1,042)**	**(2,218)**
Income tax	(1,384)	(528)	(704)	(656)	306	1,028
Net income before non-controlling interests	**2,991**	**2,394**	**1,198**	**1,203**	**(736)**	**(1,190)**
Non-controlling interests	299	350	(7)	7	76	150
Net income, Group share	**2,692**	**2,044**	**1,205**	**1,196**	**(812)**	**(1,340)**

	International retail Banking & Financial Services					
(In millions of euros)	International Retail Banking[3] 2014	International Retail Banking[3] 2013*	Financial Services to Corporates 2014	Financial Services to Corporates 2013*	Insurance 2014	Insurance 2013*
Net banking income	5,293	5,720	1,377	1,292	786	750
Operating Expenses [1]	(3,262)	(3,411)	(716)	(675)	(301)	(280)
Gross operating income	**2,031**	**2,309**	**661**	**617**	**485**	**470**
Cost of risk	(1,354)	(1,732)	(88)	(103)	-	-
Operating income	**677**	**577**	**573**	**514**	**485**	**470**
Net income from companies accounted for by the equity method	13	6	37	25	-	-
Net income / expense from other assets[3]	(198)	7	-	(1)	-	-
Impairment of goodwill	(525)	-	-	-	-	-
Earnings before tax	**(33)**	**590**	**610**	**538**	**485**	**470**
Income tax	(131)	(126)	(181)	(162)	(155)	(150)
Net income before non-controlling interests	**(164)**	**464**	**429**	**376**	**330**	**320**
Non-controlling interests	208	170	5	5	1	2
Net income, Group share	**(372)**	**294**	**424**	**371**	**329**	**318**

(In millions of euros)	Asset and Wealth Management[3] 2014	Asset and Wealth Management[3] 2013*	Securities Services and Brokerage 2014	Securities Services and Brokerage 2013*	Corporate and Investment Banking [4] 2014	Corporate and Investment Banking [4] 2013*
Net banking income[4]	1,038	1,072	1,047	644	6,641	6,665
Operating Expenses[1]	(869)	(842)	(1,087)	(641)	(4,329)	(4,590)
Gross operating income	**169**	**230**	**(40)**	**3**	**2,312**	**2,075**
Cost of risk	(6)	(27)	4	-	(79)	(519)
Operating income	**163**	**203**	**(36)**	**3**	**2,233**	**1,556**
Net income from companies accounted for by the equity method	98	114	-	(148)	-	1
Net income / expense from other assets([3]	3	-	2	1	(10)	3
Impairment of goodwill	-	-	-	(50)	-	-
Earnings before tax	**264**	**317**	**(34)**	**(194)**	**2,223**	**1,560**
Income tax	(46)	(47)	13	-	(486)	(415)
Net income before non-controlling interests	**218**	**270**	**(21)**	**(194)**	**1,737**	**1,145**
Non-controlling interests	2	-	2	1	12	15
Net income, Group share	**216**	**270**	**(23)**	**(195)**	**1,725**	**1,130**

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(1) Including depreciation and amortisation.
(2) Income and expense not directly related to the business line activities are recorded in the Corporate Centre's profit and loss. Thus the debt revaluation differences linked to own credit risk (EUR -139 million at 31 December 2014), are allocated to the Corporate Centre.

(3) O/w EUR - 200 million for the discontinued consumer finance activity in Brazil

(4) Breakdown of Net banking income by business for "Corporate and Investment Banking":

(In millions of euros)	2014	2013*
Global Markets	4,621	4,868
Financing and Advisory	2,020	1,797
Total Net banking income	**6,641**	**6,665**

(In millions of euros)	Societe Generale Group 31 December 2014	Societe Generale Group 31 December 2013*	French Retail Banking 31 December 2014	French Retail Banking 31 December 2013*	Corporate Centre[5] 31 December 2014	Corporate Centre[5] 31 December 2013*
Segment assets	1,308,170	1,214,193	201,803	200,277	107,275	116,556
Segment liabilities[5]	1,249,357	1,160,223	196,073	185,248	91,070	100,731

	International retail Banking & Financial Services					
(In millions of euros)	International Retail Banking 31 December 2014	International Retail Banking 31 December 2013*	Financial Services to Corporates 31 December 2014	Financial Services to Corporates 31 December 2013*	Insurance 31 December 2014	Insurance 31 December 2013*
Segment assets	112,038	113,010	29,104	32,077	113,897	100,422
Segment liabilities[5]	85,035	81,838	9,524	10,604	107,698	94,571

	Global Banking and Investor Solutions					
(In millions of euros)	Asset and Wealth Management 31 December 2014	Asset and Wealth Management 31 December 2013*	Securities Services and Brokerage 31 December 2014	Securities Services and Brokerage 31 December 2013*	Corporate and Investment Banking 31 December 2014	Corporate and Investment Banking 31 December 2013*
Segment assets	32,559	30,911	76,683	46,756	634,811	574,184
Segment liabilities[5]	28,570	29,838	96,213	63,874	635,174	593,519

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).

(5) Segment liabilities correspond to debts (i.e. total liabilities excluding equity).
(6) Assets and liabilities not directly related to the business lines activities are recorded on the Corporate Centre's balance sheet. Thus the debt revaluation differences linked to own credit risk and the revaluation differences of the credit derivative instruments hedging the loans and receivables portfolios are allocated to the corporate center.

Note 47 (continued)

SEGMENT INFORMATION

SEGMENT INFORMATION BY GEOGRAPHICAL REGION

GEOGRAPHICAL BREAKDOWN OF NET BANKING INCOME

(In millions of euros)	France		Europe		Americas	
	2014	2013*	2014	2013*	2014	2013*
Net interest and similar income	4,531	4,718	4,500	4,281	263	501
Net fee income	4,188	3,864	1,673	1,695	139	211
Net income / expense from financial transactions	1,372	1,061	2,347	1,462	884	543
Other net operating income	576	406	1,293	1,237	1	(6)
Net banking income	**10,667**	**10,049**	**9,813**	**8,675**	**1,287**	**1,249**

(In millions of euros)	Asia		Africa		Oceania		Total	
	2014	2013*	2014	2013*	2014	2013*	2014	2013*
Net interest and similar income	296	154	768	763	73	72	10,431	10,489
Net fee income	101	102	326	317	48	51	6,475	6,240
Net income / expense from financial transactions	138	928	40	35	6	7	4,787	4,036
Other net operating income	(2)	18	(4)	7	4	6	1,868	1,668
Net banking income	**533**	**1,202**	**1,130**	**1,122**	**131**	**136**	**23,561**	**22,433**

GEOGRAPHICAL BREAKDOWN OF BALANCE SHEET ITEMS

(In millions of euros)	France		Europe		Americas	
	31 December 2014	31 December 2013*	31 December 2014	31 December 2013*	31 December 2014	31 December 2013*
Segment assets	943,255	913,774	178,848	156,452	124,468	103,285
Segment liabilities (7)	929,157	865,377	164,879	151,410	114,212	105,040

(In millions of euros)	Asia		Africa		Oceania		Total	
	31 December 2014	31 December 2013*	31 December 2014	31 December 2013*	31 December 2014	31 December 2013*	31 December 2014	31 December 2013*
Segment assets	38,753	20,615	20,245	17,448	2,601	2,619	1,308,170	1,214,193
Segment liabilities (7)	20,791	19,721	17,875	16,221	2,443	2,454	1,249,357	1,160,223

* Amounts restated relative to the financial statements published at 31 December 2013 according to the retrospective application of IFRS 10 and IFRS 11 (See Note 2).
(7) Segment liabilities correspond to debts (i.e. total liabilities excluding equity).

Note 48

FEES TO STATUTORY AUDITORS

Fees to statutory auditors recorded in the income statement are:

(In millions of euros)	2014	2013
Fees related to statutory audit, certification, examination of parent company and consolidated statements	34	30
Fees related to audit services and related assignments	8	4
Total	**42**	**34**