# VII. CHAPTER 10: FINANCIAL INFORMATION

## 7.1 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES AT JUNE 30, 2010

CONTENTS OF FINANCIAL STATEMENTS

# CONSOLIDATED FINANCIAL STATEMENTS

SOCIETE GENERALE

## Consolidated balance sheet

### Assets

| *(In millions of euros)* | | IFRS June 30, 2010 | IFRS December 31, 2009 |
|---|---|---|---|
| Cash, due from central banks | | 15,081 | 14,394 |
| Financial assets at fair value through profit or loss | Note 4 | 460,526 | 400,157 |
| Hedging derivatives | Note 5 | 9,374 | 5,561 |
| Available-for-sale financial assets | Note 6 | 98,849 | 90,433 |
| Due from banks | Note 7 | 70,244 | 67,655 |
| Customers loans | Note 8 | 362,739 | 344,543 |
| Lease financing and similar agreements | | 28,894 | 28,856 |
| Revaluation differences on portfolios hedged against interest rate risk | | 3,376 | 2,562 |
| Held-to-maturity financial assets | | 2,044 | 2,122 |
| Tax assets | | 5,298 | 5,493 |
| Other assets | Note 10 | 51,825 | 37,438 |
| Non-current assets held for sale | Note 11 | 987 | 375 |
| Deferred profit-sharing | | 163 | 320 |
| Investments in subsidiaries and affiliates accounted for by the equity method | | 1,883 | 2,001 |
| Tangible and intangible fixed assets | | 15,241 | 15,171 |
| Goodwill | Note 12 | 7,160 | 6,620 |
| **Total** | | **1,133,684** | **1,023,701** |

SOCIETE GENERALE

# Consolidated balance sheet (continued)

## Liabilities

| *(In millions of euros)* | | IFRS June 30, 2010 | IFRS December 31, 2009 |
|---|---|---|---|
| Due to central banks | | 1,959 | 3,100 |
| Financial liabilities at fair value through profit or loss | Note 4 | 384,717 | 302,753 |
| Hedging derivatives | Note 5 | 9,974 | 7,348 |
| Due to banks | Note 13 | 88,037 | 90,086 |
| Customer deposits | Note 14 | 316,386 | 300,054 |
| Securitised debt payables | Note 15 | 125,197 | 133,246 |
| Revaluation differences on portfolios hedged against interest rate risk | | 2,213 | 774 |
| Tax liabilities | | 984 | 1,423 |
| Other liabilities | Note 16 | 60,736 | 48,800 |
| Non-current liabilities held for sale | Note 11 | 542 | 261 |
| Underwriting reserves of insurance companies | Note 17 | 78,613 | 74,451 |
| Provisions | Note 17 | 2,400 | 2,311 |
| Subordinated debt | | 12,649 | 12,256 |
| **Total liabilities** | | **1,084,407** | **976,863** |
| **SHAREHOLDERS' EQUITY** | | | |
| **Shareholders' equity, Group share** | | | |
| Common stock | | 928 | 925 |
| Equity instruments and associated reserves | | 23,794 | 23,544 |
| Retained earnings | | 18,452 | 18,336 |
| Net income | | 2,147 | 678 |
| **Sub-total** | | **45,321** | **43,483** |
| Unrealised or deferred capital gains and losses | Note 19 | (170) | (1,279) |
| **Sub-total equity, Group share** | | **45,151** | **42,204** |
| **Minority interests** | | 4,126 | 4,634 |
| **Total equity** | | **49,277** | **46,838** |
| **Total** | | **1,133,684** | **1,023,701** |

SOCIETE GENERALE

## Consolidated income statement

| (In millions of euros) | | June 30, 2010 (IFRS) | December 31, 2009 (IFRS) | June 30, 2009 (IFRS) |
|---|---|---|---|---|
| Interest and similar income | Note 23 | 14,065 | 30,545 | 17,167 |
| Interest and similar expense | Note 23 | (7,569) | (18,910) | (10,615) |
| Dividend income | | 99 | 329 | 134 |
| Fee income | Note 24 | 4,983 | 10,445 | 5,167 |
| Fee expense | Note 24 | (1,306) | (2,633) | (1,337) |
| Net gains and losses on financial transactions | | 2,431 | 947 | (413) |
| *o/w net gains and losses on financial instruments at fair value through profit or loss* | Note 25 | *2,409* | *1,002* | *(359)* |
| *o/w net gains and losses on available-for-sale financial assets* | Note 26 | *22* | *(55)* | *(54)* |
| Income from other activities | | 10,142 | 18,281 | 8,632 |
| Expenses from other activities | | (9,585) | (17,274) | (8,106) |
| **Net banking income** | | **13,260** | **21,730** | **10,629** |
| Personnel expenses | Note 27 | (4,728) | (9,157) | (4,673) |
| Other operating expenses | | (2,880) | (5,679) | (2,769) |
| Amortisation, depreciation and impairment of tangible and intangible fixed assets | | (458) | (930) | (442) |
| **Gross operating income** | | **5,194** | **5,964** | **2,745** |
| Cost of risk | Note 29 | (2,142) | (5,848) | (2,429) |
| **Operating income** | | **3,052** | **116** | **316** |
| Net income from companies accounted for by the equity method | | 58 | 15 | (6) |
| Net income/expense from other assets (1) | | - | 711 | 14 |
| Impairment losses on goodwill | | - | (42) | (18) |
| **Earnings before tax** | | **3,110** | **800** | **306** |
| Income tax | Note 30 | (806) | 308 | (62) |
| **Consolidated net income** | | **2,304** | **1,108** | **244** |
| Minority interests | | 157 | 430 | 213 |
| **Net income, Group share** | | **2,147** | **678** | **31** |
| **Earnings per ordinary share *** | Note 31 | **2.75** | **0.45** | **(0.22)** |
| **Diluted earnings per ordinary share *** | Note 31 | **2.74** | **0.45** | **(0.22)** |

** Amounts adjusted with respect to the published financial statements as at June 30, 2009 due to the preferred subscription rights of October 2009 capital increase.*

*(1) The sale of the assets and liabilities to Crédit Agricole Asset Management as part of Amundi operation generated a net gain of EUR 732 million as at December 31, 2009.*

SOCIETE GENERALE

# Statement of net income and gains and losses recognised directly in equity

| *(In millions of euros)* | | IFRS June 30, 2010 | December 31, 2009 | June 30, 2009 |
|---|---|---|---|---|
| **Net income** | | **2,304** | **1,108** | **244** |
| Translation differences | | 1,537 | (74) | (46) |
| Revaluation of available-for-sale financial assets | | (178) | 1,512 | 290 |
| Cash flow hedge derivatives revaluation | | (201) | (149) | - |
| Gains and losses recognised directly in equity for companies accounted for by the equity method | | 5 | 10 | 3 |
| Tax | | 42 | (414) | (133) |
| **Total gains and losses recognised directly in equity** | Note 19 | **1,205** | **885** | **114** |
| **Net income and gains and losses recognised directly in equity** | | **3,509** | **1,993** | **358** |
| O/w Group share | | 3,256 | 1,552 | 142 |
| O/w minority interests | | 253 | 441 | 216 |

# Changes in shareholders' equity

| (In millions of euros) | Capital and associated reserves | | | Consolidated reserves | Gains and losses recognised directly in equity | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Common stock | Equity instruments and associated reserves | Elimination of treasury stock | Retained earnings | Translation reserves | Change in fair value of assets available-for-sale | Change in fair value of hedging derivatives | Tax impact | **Shareholders' equity, Group share** | Minority interests (see note 18) | Gains and losses recognised directly in equity, minority interests | **Shareholders' equity, minority interests** | **Total consolidated shareholders' equity** |
| **Shareholders' equity at December 31, 2008** | **726** | **19,217** | **(1,490)** | **19,785** | **(1,115)** | **(2,090)** | **407** | **645** | **36,085** | **4,843** | **(41)** | **4,802** | **40,887** |
| Increase in common stock | 73 | 2,076 | | | | | | | 2,149 | | | - | 2,149 |
| Elimination of treasury stock | | | 69 | (92) | | | | | (23) | | | - | (23) |
| Issuance of equity instruments | | 356 | | 86 | | | | | 442 | | | - | 442 |
| Equity component of share-based payment plans | | 94 | | | | | | | 94 | 1 | | 1 | 95 |
| S1 2009 Dividends paid | | | | (931) | | | | | (931) | (278) | | (278) | (1,209) |
| Effect of acquisitions and disposals on minority interests | | | | (61) | | | | | (61) | 58 | | 58 | (3) |
| ***Sub-total of changes linked to relations with shareholders*** | ***73*** | ***2,526*** | ***69*** | ***(998)*** | ***-*** | ***-*** | ***-*** | ***-*** | ***1,670*** | ***(219)*** | ***-*** | ***(219)*** | ***1,451*** |
| Change in value of financial instruments and fixed assets having an impact on equity | | | | | | 304 | | | 304 | | 2 | 2 | 306 |
| Change in value of financial instruments and fixed assets recognised in income | | | | | | (19) | | | (19) | | 3 | 3 | (16) |
| Tax impact on change in value on financial instruments and fixed assets having an impact on equity or recognised in income | | | | | | | | (132) | (132) | | (1) | (1) | (133) |
| Translation differences and other changes | | | | - | (45) | | | | (45) | (4) | (1) | (5) | (50) |
| S1 2009 Net income for the period | | | | 31 | | | | | 31 | 213 | | 213 | 244 |
| ***Sub-total*** | ***-*** | ***-*** | ***-*** | ***31*** | ***(45)*** | ***285*** | ***-*** | ***(132)*** | ***139*** | ***209*** | ***3*** | ***212*** | ***351*** |
| Change in equity of associates and joint ventures accounted for by the equity method | | | | | | 3 | - | - | 3 | | | - | 3 |
| **Shareholders' equity at June 30, 2009** | **799** | **21,743** | **(1,421)** | **18,818** | **(1,160)** | **(1,802)** | **407** | **513** | **37,897** | **4,833** | **(38)** | **4,795** | **42,692** |
| Increase in common stock | 126 | 3,246 | | | | | | | 3,372 | | | - | 3,372 |
| Elimination of treasury stock | | | (94) | 12 | | | | | (82) | | | - | (82) |
| Issuance of equity instruments | | (70) | | 29 | | | | | (41) | | | - | (41) |
| Equity component of share-based payment plans | | 140 | | | | | | | 140 | (1) | | (1) | 139 |
| S2 2009 Dividends paid | | | | (213) | | | | | (213) | (64) | | (64) | (277) |
| Effect of acquisitions and disposals on minority interests | | | | (280) | | | | | (280) | (325) | | (325) | (605) |
| ***Sub-total of changes linked to relations with shareholders*** | ***126*** | ***3,316*** | ***(94)*** | ***(452)*** | ***-*** | ***-*** | ***-*** | ***-*** | ***2,896*** | ***(390)*** | ***-*** | ***(390)*** | ***2,506*** |
| Change in value of financial instruments and fixed assets having an impact on equity | | | | | | 1,143 | (147) | | 996 | | 47 | 47 | 1,043 |
| Change in value of financial instruments and fixed assets recognised in income | | | | | | 17 | (1) | | 16 | | 13 | 13 | 29 |
| Tax impact on change in value on financial instruments and fixed assets having an impact on equity or recognised in income | | | | | | | | (267) | (267) | | (12) | (12) | (279) |
| Translation differences and other changes | | | | 1 | 11 | | | | 12 | 4 | (40) | (36) | (24) |
| S2 2009 Net income for the period | | | | 647 | | | | | 647 | 217 | | 217 | 864 |
| ***Sub-total*** | ***-*** | ***-*** | ***-*** | ***648*** | ***11*** | ***1,160*** | ***(148)*** | ***(267)*** | ***1,404*** | ***221*** | ***8*** | ***229*** | ***1,633*** |
| Change in equity of associates and joint ventures accounted for by the equity method | | | | | | 7 | 1 | (1) | 7 | | | - | 7 |
| **Shareholders' equity at December 31, 2009** | **925** | **25,059** | **(1,515)** | **19,014** | **(1,149)** | **(635)** | **260** | **245** | **42,204** | **4,664** | **(30)** | **4,634** | **46,838** |
| Increase in common stock (see note 18) | 3 | 77 | | | | | | | 80 | | | - | 80 |
| Elimination of treasury stock (1) | | | 152 | (163) | | | | | (11) | | | - | (11) |
| Issuance of equity instruments (see note 18) | | (12) | | 87 | | | | | 75 | (500) | | (500) | (425) |
| Equity component of share-based payment plans (2) | | 33 | | | | | | | 33 | - | | - | 33 |
| 2010 Dividends paid (see note 18) | | | | (480) | | | | | (480) | (236) | | (236) | (716) |
| Effect of acquisitions and disposals on minority interests (3) (4) | | | | (5) | | | | | (5) | (25) | | (25) | (30) |
| ***Sub-total of changes linked to relations with shareholders*** | ***3*** | ***98*** | ***152*** | ***(561)*** | ***-*** | ***-*** | ***-*** | ***-*** | ***(308)*** | ***(761)*** | ***-*** | ***(761)*** | ***(1,069)*** |
| Change in value of financial instruments and fixed assets having an impact on equity (see note 19) | | | | | | (52) | (201) | | (253) | | (38) | (38) | (291) |
| Change in value of financial instruments and fixed assets recognised in income (see note 19) | | | | | | (77) | - | | (77) | | (11) | (11) | (88) |
| Tax impact on change in value on financial instruments and fixed assets having an impact on equity or recognised in income (see note 19) | | | | | | | | 39 | 39 | | 3 | 3 | 42 |
| Translation differences and other changes (see note 19) | | | | (1) | 1,395 | | | | 1,394 | - | 142 | 142 | 1,536 |
| 2010 Net income for the period | | | | 2,147 | | | | | 2,147 | 157 | | 157 | 2,304 |
| ***Sub-total*** | ***-*** | ***-*** | ***-*** | ***2,146*** | ***1,395*** | ***(129)*** | ***(201)*** | ***39*** | ***3,250*** | ***157*** | ***96*** | ***253*** | ***3,503*** |
| Change in equity of associates and joint ventures accounted for by the equity method | | | | | | 5 | - | - | 5 | | | - | 5 |
| **Shareholders' equity at June 30, 2010** | **928** | **25,157** | **(1,363)** | **20,599** | **246** | **(759)** | **59** | **284** | **45,151** | **4,060** | **66** | **4,126** | **49,277** |

(1) At June 30, 2010, the Group held 28,346,229 of its own shares as treasury stock, for trading purposes or for the active management of shareholders' equity, representing 3.82% of the capital of Societe Generale.
The amount deducted by the Group from its net book value for equity instruments (shares and derivatives) came to EUR 1,363 million, including EUR 250 million for shares held for trading purposes.

The change in treasury stock over 2010 breaks down as follows:

| In millions of euros | Transaction-related activities | Buybacks and active management of Shareholders' equity | Total |
|---|---|---|---|
| Purchases net of disposals | 78 | 74 | 152 |
| | 78 | 74 | 152 |
| Capital gains net of tax on treasury shares and treasury share derivatives, booked under shareholders' equity | (1) | (164) | (165) |
| Related dividends, removed from consolidated results | - | 2 | 2 |
| | (1) | (162) | (163) |

(2) Share-based payments settled in equity instruments in 2010 amounted to EUR 33 million:
EUR 10 million for the stock option plans and EUR 23 million for the free shares attribution.

(3) Details on transactions relative to minority interests as at June 30, 2010:

| | |
|---|---|
| Gains on sales cancellation | 3 |
| Minority interests buybacks not subject to any put options | 2 |
| Transactions and variation of value on put options granted to minority shareholders | (9) |
| Net income attributable to the minority interests of shareholders holding a put option on their Group shares allocated to consolidated reserves | (1) |
| Total | (5) |

(4) Movements booked in the amount of EUR (25) million under minority interest reserves correspond to:
- EUR 1 million to the capital increase,
- EUR 1 million of positive effect related to transactions and valuation effects of put options granted to minority interests,
- EUR (27) million of negative effect of the variations in scope including EUR (17) million in the acquisition of Banco Pecunia's minorities interests.

## Cash flow statement

| (In millions of euros) | June 30, 2010 | December 31, 2009 | June 30, 2009 * |
|---|---|---|---|
| **NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES** | | | |
| **Net income (I)** | **2,304** | **1,108** | **244** |
| Amortisation expense on tangible fixed assets and intangible assets | 1,427 | 2,815 | 1,375 |
| Depreciation and net allocation to provisions | 6,621 | 10,081 | 4,313 |
| Net income/loss from companies accounted for by the equity method | (58) | (15) | 6 |
| Deferred taxes | 76 | (1,695) | (505) |
| Net income from the sale of long-term available-for-sale assets and subsidiaries | (71) | (126) | (9) |
| Change in deferred income | 104 | 69 | 153 |
| Change in prepaid expenses | (57) | 30 | (70) |
| Change in accrued income | (52) | 440 | 826 |
| Change in accrued expenses | (305) | (1,733) | (2,098) |
| Other changes | 1,266 | 2,907 | 335 |
| **Non-monetary items included in net income and others adjustments (not including income on financial instruments at fair value through P&L) (II)** | **8,951** | **12,773** | **4,326** |
| **Income on financial instruments at fair value through P&L [1] (III)** | **(2,409)** | **(1,002)** | **359** |
| Interbank transactions | (2,719) | (19,930) | (16,789) |
| Customers transactions | (4,769) | 18,767 | 13,998 |
| Transactions related to other financial assets and liabilities | 4,994 | (8,682) | (2,810) |
| Transactions related to other non financial assets and liabilities | 536 | 3,794 | 5,425 |
| **Net increase / decrease in cash related to operating assets and liabilities (IV)** | **(1,958)** | **(6,051)** | **(176)** |
| **NET CASH INFLOW (OUTFLOW) RELATED TO OPERATING ACTIVITIES (A) = (I) + (II) + (III) + (IV)** | **6,888** | **6,828** | **4,753** |
| **NET CASH INFLOW (OUTFLOW) RELATED TO INVESTMENT ACTIVITIES** | | | |
| Net cash inflow (outflow) related to acquisition and disposal of financial assets and long-term investments | 53 | (1,453) | (64) |
| Tangible and intangible fixed assets | (1,787) | (2,131) | (1,467) |
| **NET CASH INFLOW (OUTFLOW) RELATED TO INVESTMENT ACTIVITIES (B)** | **(1,734)** | **(3,584)** | **(1,531)** |
| **NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES** | | | |
| Cash flow from / to shareholders [2] | (1,160) | 4,216 | 1,272 |
| Other net cash flows arising from financing activities | (253) | (1,626) | (334) |
| **NET CASH INFLOW (OUTFLOW) RELATED TO FINANCING ACTIVITIES (C)** | **(1,413)** | **2,590** | **938** |
| **NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)** | **3,741** | **5,834** | **4,160** |
| **CASH AND CASH EQUIVALENTS** | | | |
| **Cash and cash equivalents at the start of the year** | | | |
| Net balance of cash accounts and accounts with central banks | 11,303 | 7,242 | 7,242 |
| Net balance of accounts, demand deposits and loans with banks | 6,306 | 4,533 | 4,533 |
| **Cash and cash equivalents at the end of the year** | | | |
| Net balance of cash accounts and accounts with central banks | 13,122 | 11,303 | 10,644 |
| Net balance of accounts, demand deposits and loans with banks | 8,228 | 6,306 | 5,291 |
| **NET INFLOW (OUTFLOW) IN CASH AND CASH EQUIVALENTS** | **3,741** | **5,834** | **4,160** |

** Amounts reclassified with respect to the published financial statements as at June 30, 2009.*

(1) Income on financial instruments at fair value through P&L includes realised and unrealised income.

(2) See note 18:
- O/w reimbursement of preferred shares for EUR 500 million;
- O/w 2010 dividends paid for EUR 636 million excluding dividends paid in equity.

# Note 1
# Accounting principles

The condensed interim consolidated financial statements for the Societe Generale Group ("the Group") for the 6 months period ending June 30, 2010 were prepared and are presented in accordance with IAS (International Accounting Standards) 34 "Interim Financial Reporting". The accompanying notes therefore relate to significant items for the period and should be read in conjunction with the audited consolidated financial statements for the year ending December 31, 2009 included in the Registration document for the year 2009.

The consolidated financial statements are presented in euros.

### *Use of estimates*

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

In order to make these assumptions and estimates, the Management uses the information available at the date of preparation of the financial statements and can exercise its judgment.

By nature, and especially in the context of the financial crisis that grew up since 2008, valuations based on estimates include, risks and uncertainties about their occurrence in the future. Consequently actual future results may differ from these estimates and have a significant impact on the financial statements.

These estimates are principally used for determining fair value of financial instruments and assessing the impairment of assets, provisions and goodwill determined for each business combination.

### *Accounting principles and methods*

In preparing the condensed interim consolidated financial statements, the Group applied the same accounting principles and methods as for its 2009 year-end consolidated financial statements, which were drawn up in compliance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and described in Note 1 to the 2009 consolidated financial statements, "Significant accounting principles", updated by the following accounting standards or interpretations applied by the Group since January 1, 2010:

**IFRS and IFRIC interpretations applied by the Group as of January 1, 2010**

| Accounting standards, Amendments or Interpretations | Date of adoption dates by the European Union | Effective dates : annual periods beginning on or after |
|---|---|---|
| Improvements to IFRSs - May 2008 - Amendments to IFRS 5 about sale of a controlling interest in the subsidiary | January 23, 2009 | July 1, 2009 |
| IFRIC 12 "Service Concession Arrangements" | March 25, 2009 | March 29, 2009 |

| Accounting standards, Amendments or Interpretations | Date of adoption dates by the European Union | Effective dates : annual periods beginning on or after |
|---|---|---|
| IFRIC 16 “Hedges of a Net Investment in a Foreign Operation” | June 4, 2009 | July 1, 2009 |
| IFRIC 15 “Agreements for the Construction of Real Estate” | July 22, 2009 | January 1, 2010 |
| Amendment to IAS 39 “Financial Instruments: Recognition and Measurement - Eligible Hedged Items” | September 15, 2009 | July 1, 2009 |
| IFRS 1 (revised) “First-time adoption of Financial Reporting Standards” | November 25, 2009 | January 1, 2010 |
| IFRIC 17 “Distribution of Non-cash Assets to Owners” | November 26, 2009 | November 1, 2009 |
| IFRIC 18 “Transfers of Assets from Customers” | November 27, 2009 | November 1, 2009 |
| Improvements to IFRSs – April 2009 | March 23, 2010 | July 1, 2009 at the earliest |
| Amendments to IFRS 2 “Group cash-settled Share-based Payment Transactions” | March 23, 2010 | January 1, 2010 |
| Amendments to IFRS 1 “Additional exemptions” | June 23, 2010 | January 1, 2010 |
| Amendments to IFRS 1 “Limited exemption from comparative IFRS 7 disclosures for first time adopters” | June 30, 2010 | July 1, 2010 |

The application of these new measures has no significant impact over the period.

As at January 1, 2009 the Group has applied earlier the standards (revised) IFRS 3 “Business Combinations” and (revised) IAS 27 “Consolidated and Separate Financial Statements” adopted by the European Union on June 3, 2009 and applicable for annual periods beginning on or after July 1, 2009.

### *Accounting standards and interpretations to be applied by the Group in the future*

The IASB (International Accounting Standards Board) has published some accounting standards that have been adopted by the European Union as of June 30, 2010 and will be applied by the Group from January 1, 2011 on:

**Accounting standards, amendments or interpretations adopted by the European Union**

| Accounting standards, Amendments or Interpretations | Adoption dates by the European Union | Effective dates : annual periods beginning on or after |
|---|---|---|
| Amendment to IAS 32 “Classification of Rights Issues” | December 23, 2009 | February 1, 2010 |

Additionally, the IASB published some amendments or interpretations that have not been yet adopted by the European Union as of June 30, 2010. Accordingly, they have not been applied by the Group at that date.

**Accounting standards, amendments or interpretations not yet adopted by the European Union on June 30, 2010**

| Accounting standards, Amendments or Interpretations | Adoption dates by IASB | Effective dates : annual periods beginning on or after |
|---|---|---|
| IAS 24 (Revised) “Related Party Disclosures“ | November 4, 2009 | January 1, 2011 |
| IFRS 9 “Financial Instruments” (Phase1: Classification and Measurement) | November 12, 2009 | January 1, 2013 |
| Amendment to IFRIC 14 “Prepayments of a Minimum Funding Requirement” | November 26, 2009 | January 1, 2011 |
| IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments” | November 26, 2009 | July 1, 2010 |
| Improvements to IFRSs – May 2010 | May 6, 2010 | July 1, 2010 at the earliest |

### *Absence of seasonality*

As the Group’s activities are neither seasonal nor cyclical in nature, its first half results were not affected by any seasonal or cyclical factors.

### *CNC recommended format for banks’ summary financial statements*

As the IFRS accounting framework does not specify a standard model, the format used for the summary financial statements is consistent with the format proposed by the French Standard Setter, the CNC, under recommendation 2009-R-04 of July 2, 2009 which cancels and replaces recommendation 2004-R-03 of October 27, 2004. This new recommendation takes into account the amendment to IAS 1 as adopted by the European Union on December 17, 2008.

## Note 2
### Changes in consolidation scope

As at June 30, 2010, the Group's consolidation scope includes 892 companies:

***720*** fully consolidated companies;

***91*** proportionately consolidated companies;

***81*** companies accounted for by the equity method.

The consolidation scope includes entities that have a significant impact on the Group's consolidated financial statements. It means companies whose balance sheet exceeds 0.02% of the Group's one, for full or proportionate consolidation, or companies in which the equity held by the Group exceeds 0.10% of the consolidated Group's total equity. These criteria do not apply to sub-consolidated subsidiaries.

The main changes to the consolidation scope at June 30, 2010, compared with the scope applicable for the accounts at June 30, 2009 and at December 31, 2009 are as follows:

- In the first half of 2010:
  - In February, the Group, through TCW Inc. acquired 100% of Metropolitan West Asset Management and has fully consolidated it.
  - The Group acquired the remaining 35% of Sogessur held by minority shareholders exercising a call option it was granted.
  - Banco SG Brazil S.A. acquired a 30% stake in Banco Pecunia S.A. bringing its interest rate to 100%.
  - The Group has consolidated Podgoricka Banca SG Group held by 90.56% and located in Montenegro by full integration.
  - SG Cyprus Ltd was sold by Societe Generale S.A. to SG Liban and is now integrated by equity method. In application of IFRS 3 (Revised) "Business Combinations", the net gain on sale related to this operation amounts to EUR 7 million.
  - The Group sold its stake of 50% in IBK SGAM to IBK that was sharing the control of this entity with SGAM S.A..
  - After having bought all the shares and transferred all the assets and liabilities of THE GLOBAL COMMODITIES FINANCE FUND LIMITED to Societe Generale S.A., this entity has been removed from the consolidation scope.
  - The stake in La Marocaine Vie was increased by 2.91% compared to December 31, 2009 to reach 88.88% after a capital increase.
  - Clickoptions has been deconsolidated before being liquidated, its contribution to the Group's financial statements was negligible.
  - The stake in BANKA POPULLORE SH.A was increased to 85.94%, i.e. a 10.93% increase compared to December 31, 2009, due to a minority shares buyout and a capital increase.
  - The stake in BOURSORAMA S.A. decreased to 55.53%, i.e. a 0.25% decrease compared to December 31, 2009, due to the exercise of stock-options.

- The stake in New Esporta Holding Limited decreased by 6.23% compared to December 31, 2009 to reach 90.54%, after a capital increase in which the Group didn't participate.

In application of IFRS 5 "*Non-current receivables held for sale and discontinued operations*", the following items were classified in *Non-current assets and liabilities held for sale*:

- Assets and liabilities that will be sold to Amundi during 2010.
- The investment in Gaselys accounted for by the equity method after the notification by GDF Suez of the exercise of the call option it was granted on the 49% held by the group Societe Generale.
- ECS's assets and liabilities included in Specialised Financing and Insurance business line for which the Group entered into exclusive talks with ECONOCOM for a disposal.

- During the second half of 2009:
  - Amundi, the 25% held company resulting of the merger between Societe Generale Asset Management and Crédit Agricole Asset Management asset management activities, is consolidated by using the equity method.
  - The Group sold its 20% stake in Groupama Bank following the exercise of a put option.
  - The Group's stake in Geniki was increased by 1.65%, bringing its stake to 53.97% at the end of December 2009.
  - The stake in Bank Republic was increased to 80%, i.e. a 20% increase compared to December 31, 2008 due to minority shareholders who have exercised their put options.
  - The Societe Generale Group acquired the stake of 20% of Dexia in Crédit du Nord bringing its interest rate to 100%.
  - The stake in Express Bank was increased by 1.74% compared to December 31, 2008 to reach 99.69%.
  - The stake in BRD was increased by 0.83% compared to December 31, 2008 to reach 59.37%.
  - The stake in Societe Generale de Banques au Burkina was increased by 0.26% compared to the first half of 2009 to reach 51.19%.
  - The stake in La Marocaine Vie was increased by 0.04% compared to the first half of 2009 to reach 85.97%.
  - The stake in Rosbank was increased by 0.65% compared to the first half of 2009 to reach 65.33% following the acquisition of treasury stock.
  - Through SG Consumer Finance, the Group has fully consolidated Family Credit's individual financial services activities in India.

# Note 3

## Financial instruments affected by the financial crisis

During the first half of 2010, the Societe Generale Group has continued to be affected by the ongoing financial crisis, particularly on :

- its positions on super senior and senior tranches of unhedged CDOs (Collateralised Debt Obligations) exposed to the US residential mortgage sector;
- its US RMBS (Residential Mortgage Backed Securities) trading positions;
- its CMBS (Commercial Mortgage Backed Securities) trading positions;
- its exposure to counterparty risk on monoline insurers.

### 1 - Super senior and senior unhedged CDOs exposed to the US residential mortgage sector

In the absence of observable transactions, the valuation of super senior and senior tranches of CDO of RMBS was carried out using largely non-observable data or not quoted in an active market.

Whenever observable data does become available, the model results are compared and adjusted so as to converge with the data. The Societe Generale Group's approach focuses on the valuation of individual mortgage pools underlying structured bonds, in order to estimate their value and consequently the value of CDO tranches, using a prospective credit stress scenario, as opposed to a marked-to-market approach.

Four key variables are used to value mortgage pools: the probability of default, the loss given default, the pre-payment speed and the default horizon.

As a reminder, additional discounts were performed so as to reflect the illiquidity of the relevant tranches. This liquidity add-on is defined as the additional loss caused by a 10% increase in cumulative loss assumptions in the credit scenario (e.g. from 15% to 16.5% on 2005 RMBS), completed, for 2006 and 2007 subprime loans, by an additional add-on resulting from an alignment to the ABX indices.

Gross exposure to super senior US RMBS CDO tranches carried at fair value on the balance sheet increased from EUR 1.6 billion as at December 31, 2009 to EUR 4.3 billion as at June 30, 2010 as a result of the inclusion of six CDOs following the commutation of protections acquired from a monoline insurer. Concerning this position, write-downs recorded in the first half of 2010 amounted to EUR 0.1 billion and negatively affected bonds and other debt instruments at fair value through profit or loss booked as assets on the consolidated balance sheet. The net exposure to US RMBS CDO tranches as at June 30, 2010 equalled EUR 1.9 billion.

**Cumulative losses rates* on subprime assets in CDO tranches of RMBS** (calculated on the original amount)

| | 2004 | 2005 | 2006 | 2007 |
|---|---|---|---|---|
| Assumptions for cumulative end-09 losses | 6,1% | 16,5% | 39,6% | 49,5% |
| Assumptions for cumulative S1 10 losses | 6,1% | 16,5% | 39,6% | 49,5% |

| Impact of change in cumulative losses | | | In M EUR |
|---|---|---|---|
| +10% cumulative losses for each year of production | ⇒ | ⇒ | (289) |

** Including liquidity add-on.*

## 2 - US RMBS (Residential Mortgage Backed Securities)

For positions relative to bonds whose underlying is subprime risks on US residential mortgage exposure, it has become difficult to establish individually reliable prices on all securities individually ever since the second half of 2007.

The valuation technique was thus based on using observable prices on benchmark indices, in particular the ABX Index. A duration was determined for the various ABX Indices and RMBS investments held in portfolio, including recovery (synthetic positions), and pre-payment scenarios. The implied credit spread of the indices was subsequently determined based on their prices.

Each RMBS bond was valued using the credit spread of its ABX reference index (same vintage, same rating). The valuation method includes the basis (spread between cash instruments and derivative indices) as well as the liquidity aspect.

The RMBS portfolio has been largely hedged through the acquisition of protection on ABX indices or sold. As at June 30, 2010, the residual exposure net of hedging booked at fair value on the balance sheet totalled EUR 332 million[1].

## 3 - CMBS (Commercial Mortgage Backed Securities)

In a similar way to RMBS, CMBS are valued using market parameters. Each CMBS US bond was valued using the credit spread of its CMBX reference index (same vintage, same rating). The valuation method includes the basis (spread between cash instruments and derivative indices) as well as the liquidity aspect.

The CMBS portfolio has been largely hedged through the acquisition of protection on CMBX indices or sold. As at June 30, 2010, the residual exposure net of hedging booked at fair value on the balance sheet totaled EUR 237 million[1].

## 4 - Exposure to counterparty risk on monoline insurers

The relevant exposures are included under *Financial assets at fair value through profit or loss*. Indeed, the fair value of the Group's exposure to monoline insurers that have granted credit enhancements on assets, including with underlying US real estate assets, takes into account the deterioration in the estimated counterparty risk on these players.

The tightening of the credit spreads as well as the commutation, the termination of protection purchased from a monoline and the disposals during the first half of 2010 of some assets hedged by monolines resulted in a decrease in the fair value of the protection purchased from these monolines.

Consequently, the estimate of the amounts that may be due to Societe Generale Group from monoline guarantees decreased from EUR 3.9 billion as at December 31, 2009 to EUR 2.5 billion as at June 30, 2010.

The Group has continued its conservative approach by maintaining a near stable hedging rate (CDS + reserves) amounting to 74% of the gross exposure as at June 30, 2010.

In the first half of 2010, the value adjustments calculated for credit risk on monolines decreased by EUR 0.9 billion for a total of EUR 1.4 billion (these figures exclude ACA and Bluepoint). This adjustment is calculated based on applying severe cumulative loss rates (up to 90% for the most poorly rated monoline insurers).

The expected loss rate of each monoline is reviewed quarterly and adjusted when needed.

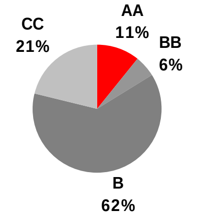
[1] Excluding exotic credit derivative portfolio.

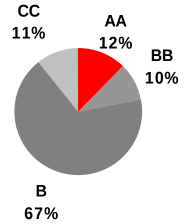
The Group's exposure to counterparty risk on monoline insurers can be broken down into three parts:

- exposure linked to CDO tranches of RMBS, for which our methodology and the parameters applied are the same as for unhedged CDOs;
- exposure linked to non RMBS CDO, CLO and infrastructure finance, for which we apply a mark-to-stress methodology (maximum historical cumulative loss over five years for each asset class) and a liquidity reserve based on marked-to-market;
- exposure linked to other secured financial instruments measured at marked-to-market.

**Counterparty risk exposure to monolines** (immediate default scenario for all Societe Generale Group counterparty monoline insurers) [(a)]

| In billion of euros | Dec 31, 09 | June 30, 10 |
|---|---|---|
| Fair value of protection before value adjustments | 3.9 | 2.5 |
| Nominal amount of hedges purchased* | (0.7) | (0.5) |
| Fair value of protection net of hedges and before value adjustments | 3.2 | 2.0 |
| Value adjustments for credit risk on monolines (booked under protection) | (2.3) | (1.4) |
| Residual exposure to counterparty risk on monolines | 0.9 | 0.7 |
| *Total fair value hedging rate* | *77%* | *74%* |




(a) Excluding defaulting counterparties : ACA from end-2007, Bluepoint as of September 30,2008

* The nominal amount of hedges purchased from bank counterparties had a EUR +157 million Matked-to-Market impact as at June 30, 2010, which has been neutralised since 2008 in the income statement.

The rating used is the lowest issued by Moody's pr S&P (as at June 30, 2010)
AA: Assured Guaranty
BB: Radian, Syncora Capital Assurance
B: MBIA
C: Ambac, CIFG, FGIC

## Note 4

### Financial assets and liabilities at fair value through profit or loss

**Financial assets at fair value through profit or loss**

| (In millions of euros) | June 30, 2010 Valuation on the basis of quoted prices in active markets (L1) | June 30, 2010 Valuation using observable inputs other than quoted prices included in L1 (L2) | June 30, 2010 Valuation using mainly inputs that are not based on observable market data (L3) | June 30, 2010 Total | December 31, 2009 Valuation on the basis of quoted prices in active markets (L1) | December 31, 2009 Valuation using observable inputs other than quoted prices included in L1 (L2) | December 31, 2009 Valuation using mainly inputs that are not based on observable market data (L3) | December 31, 2009 Total |
|---|---|---|---|---|---|---|---|---|
| **Trading portfolio** | | | | | | | | |
| Treasury notes and similar securities | 39,328 | 2,464 | - | 41,792 | 38,314 | 3,721 | - | 42,035 |
| Bonds and other debt securities | 10,209 | 13,247 | 8,775 | 32,231 | 13,262 | 12,992 | 6,844 | 33,098 |
| Shares and other equity securities (1) | 46,902 | 4,745 | 13 | 51,660 | 62,269 | 10,795 | 14 | 73,078 |
| Other financial assets | 8 | 63,040 | 69 | 63,117 | 2 | 44,951 | 35 | 44,988 |
| **Sub-total trading portfolio** | **96,447** | **83,496** | **8,857** | **188,800** | **113,847** | **72,459** | **6,893** | **193,199** |
| *o/w securities on loan* | | | | *7,702* | | | | *7,804* |
| | | | | | | | | |
| **Financial assets measured using fair value option through P&L** | | | | | | | | |
| Treasury notes and similar securities | 161 | 236 | - | 397 | 143 | 239 | - | 382 |
| Bonds and other debt securities | 5,985 | 548 | 22 | 6,555 | 5,745 | 377 | 17 | 6,139 |
| Shares and other equity securities (1) | 13,823 | 1,911 | 105 | 15,839 | 15,050 | 1,726 | 105 | 16,881 |
| Other financial assets | 1 | 6,676 | 441 | 7,118 | 90 | 5,781 | 466 | 6,337 |
| **Sub-total of financial assets measured using fair value option through P&L** | **19,970** | **9,371** | **568** | **29,909** | **21,028** | **8,123** | **588** | **29,739** |
| *o/w securities on loan* | | | | - | | | | - |
| | | | | | | | | |
| **Interest rate instruments** | **139** | **137,634** | **1,568** | **139,341** | **32** | **97,579** | **1,537** | **99,148** |
| *Firm instruments* | | | | | | | | |
| Swaps | | | | 108,306 | | | | 75,857 |
| FRA | | | | 553 | | | | 479 |
| *Options* | | | | | | | | |
| Options on organised markets | | | | 7 | | | | 2 |
| OTC options | | | | 21,996 | | | | 15,378 |
| Caps, floors, collars | | | | 8,479 | | | | 7,432 |
| **Foreign exchange instruments** | **551** | **32,046** | **172** | **32,769** | **210** | **23,159** | **53** | **23,422** |
| *Firm instruments* | | | | *27,257* | | | | *19,374* |
| *Options* | | | | *5,512* | | | | *4,048* |
| **Equity and index instruments** | **1,131** | **25,810** | **2,002** | **28,943** | **1,019** | **18,671** | **1,638** | **21,328** |
| *Firm instruments* | | | | *1,690* | | | | *1,651* |
| *Options* | | | | *27,253* | | | | *19,677* |
| **Commodity instruments** | **350** | **10,125** | **445** | **10,920** | **360** | **11,424** | **365** | **12,149** |
| *Firm instruments-Futures* | | | | *8,257* | | | | *9,468* |
| *Options* | | | | *2,663* | | | | *2,681* |
| **Credit derivatives** | **-** | **26,426** | **2,974** | **29,400** | **-** | **16,059** | **4,728** | **20,787** |
| **Other forward financial instruments** | **150** | **30** | **264** | **444** | **123** | **24** | **238** | **385** |
| *On organised markets* | | | | *120* | | | | *65* |
| *OTC* | | | | *324* | | | | *320* |
| **Sub-total trading derivatives** | **2,321** | **232,071** | **7,425** | **241,817** | **1,744** | **166,916** | **8,559** | **177,219** |
| **Total financial instruments at fair value through P&L** | **118,738** | **324,938** | **16,850** | **460,526** | **136,619** | **247,498** | **16,040** | **400,157** |

*(1) Including UCITS.*

## Note 4 (continued)

### Financial assets and liabilities at fair value through profit or loss

**Financial liabilities at fair value through profit or loss**

| (In millions of euros) | June 30, 2010 Valuation on the basis of quoted prices in active markets (L1) | June 30, 2010 Valuation using observable inputs other than quoted prices included in L1 (L2) | June 30, 2010 Valuation using mainly inputs that are not based on observable market data (L3) | June 30, 2010 Total | December 31, 2009 Valuation on the basis of quoted prices in active markets (L1) | December 31, 2009 Valuation using observable inputs other than quoted prices included in L1 (L2) | December 31, 2009 Valuation using mainly inputs that are not based on observable market data (L3) | December 31, 2009 Total |
|---|---|---|---|---|---|---|---|---|
| **Trading portfolio** | | | | | | | | |
| Securitised debt payables | - | 13,371 | 18,372 | 31,743 | - | 17,527 | 16,592 | 34,119 |
| Amounts payable on borrowed securities | 771 | 47,798 | 15 | 48,584 | 64 | 37,181 | 11 | 37,256 |
| Bonds and other debt instruments sold short | 3,694 | 1,022 | - | 4,716 | 4,082 | 708 | - | 4,790 |
| Shares and other equity instruments sold short | 2,428 | 504 | 2 | 2,934 | 2,948 | 37 | 2 | 2,987 |
| Other financial liabilities | 5 | 43,974 | 172 | 44,151 | - | 37,022 | 44 | 37,066 |
| **Sub-total trading portfolio (2)** | **6,898** | **106,669** | **18,561** | **132,128** | **7,094** | **92,475** | **16,649** | **116,218** |
| | | | | | | | | |
| **Interest rate instruments** | **144** | **134,054** | **2,345** | **136,543** | **25** | **93,974** | **4,072** | **98,071** |
| *Firm instruments* | | | | | | | | |
| Swaps | | | | 105,068 | | | | 74,002 |
| FRA | | | | 515 | | | | 473 |
| *Options* | | | | | | | | |
| Options on organised markets | | | | 29 | | | | 35 |
| OTC options | | | | 21,128 | | | | 15,020 |
| Caps, floors, collars | | | | 9,803 | | | | 8,541 |
| **Foreign exchange instruments** | **415** | **31,132** | **58** | **31,605** | **215** | **22,095** | **16** | **22,326** |
| *Firm instruments* | | | | *26,967* | | | | *18,425* |
| *Options* | | | | *4,638* | | | | *3,901* |
| **Equity and index instruments** | **976** | **30,446** | **1,881** | **33,303** | **936** | **22,731** | **1,775** | **25,442** |
| *Firm instruments* | | | | *3,116* | | | | *2,009* |
| *Options* | | | | *30,187* | | | | *23,433* |
| **Commodity instruments** | **445** | **10,129** | **845** | **11,419** | **570** | **10,401** | **1,186** | **12,157** |
| *Firm instruments-Futures* | | | | *8,844* | | | | *9,516* |
| *Options* | | | | *2,575* | | | | *2,641* |
| **Credit derivatives** | **-** | **24,744** | **1,671** | **26,415** | **-** | **15,410** | **1,638** | **17,048** |
| **Other forward financial instruments** | **117** | **1,698** | **-** | **1,815** | **55** | **1,505** | **1** | **1,561** |
| *On organised markets* | | | | *100* | | | | *20* |
| *OTC* | | | | *1,715* | | | | *1,541* |
| **Sub-total trading derivatives** | **2,097** | **232,203** | **6,800** | **241,100** | **1,801** | **166,116** | **8,688** | **176,605** |
| **Sub-total of financial liabilities measured using fair value option through P&L (2) (3)** | **618** | **10,079** | **792** | **11,489** | **789** | **7,788** | **1,353** | **9,930** |
| **Total financial instruments at fair value through P&L** | **9,613** | **348,951** | **26,153** | **384,717** | **9,684** | **266,379** | **26,690** | **302,753** |

**Financial liabilities measured using fair value option through profit or loss**

| (In millions of euros) | June 30, 2010 Fair value | June 30, 2010 Amount repayable at maturity | June 30, 2010 Difference between fair value and amount repayable at maturity | December 31, 2009 Fair value | December 31, 2009 Amount repayable at maturity | December 31, 2009 Difference between fair value and amount repayable at maturity |
|---|---|---|---|---|---|---|
| **Total of financial liabilities measured using fair value option through P&L (2) (3)** | **11,489** | **12,338** | **(849)** | **9,930** | **10,628** | **(698)** |

*(2) The variation in fair value attributable to the Group's own credit risk is a profit of EUR 355 million as at June 30, 2010.*
*(3) Mainly indexed EMTNs.*

# Note 5

## Hedging derivatives

| *(In millions of euros)* | June 30, 2010 | | December 31, 2009 | |
|---|---|---|---|---|
| | **Assets** | **Liabilities** | **Assets** | **Liabilities** |
| **FAIR VALUE HEDGE** | | | | |
| **Interest rate instruments** | | | | |
| *Firm instruments* | | | | |
| Swaps | 8,534 | 9,218 | 4,794 | 6,641 |
| Forward Rate Agreements (FRA) | - | - | - | - |
| *Options* | | | | |
| Options on organised markets | - | - | - | 73 |
| OTC options | 46 | - | 172 | - |
| Caps, floors, collars | 58 | - | 1 | - |
| **Foreign exchange instruments** | | | | |
| *Firm instruments* | | | | |
| Currency financing swaps | 235 | 21 | 145 | 19 |
| Forward foreign exchange contracts | 1 | 1 | 13 | 13 |
| **Equity and index instruments** | | | | |
| *Equity and stock index options* | *11* | *5* | *23* | *6* |
| **CASH FLOW HEDGE** | | | | |
| **Interest rate instruments** | | | | |
| *Firm instruments* | | | | |
| Swaps | 352 | 416 | 284 | 408 |
| **Foreign exchange instruments** | | | | |
| *Firm instruments* | | | | |
| Currency financing swaps | 66 | 225 | 31 | 125 |
| Forward foreign exchange contracts | - | 70 | - | 56 |
| **Other forward financial instruments** | | | | |
| *On organised markets* | *71* | *18* | *98* | *7* |
| **Total** | **9,374** | **9,974** | **5,561** | **7,348** |

## Note 6

### Available-for-sale financial assets

| (In millions of euros) | June 30, 2010 Valuation on the basis of quoted prices in active markets (L1) | June 30, 2010 Valuation using observable inputs other than quoted prices included in L1 (L2) | June 30, 2010 Valuation using mainly inputs that are not based on observable market data (L3) | June 30, 2010 Total | December 31, 2009 Valuation on the basis of quoted prices in active markets (L1) | December 31, 2009 Valuation using observable inputs other than quoted prices included in L1 (L2) | December 31, 2009 Valuation using mainly inputs that are not based on observable market data (L3) | December 31, 2009 Total |
|---|---|---|---|---|---|---|---|---|
| **Current assets** | | | | | | | | |
| Treasury notes and similar securities | 16,050 | 2,303 | 54 | **18,407** | 14,330 | 1,620 | - | **15,950** |
| *o/w related receivables* | | | | *292* | | | | *242* |
| *o/w provisions for impairment* | | | | *(27)* | | | | *(27)* |
| Bonds and other debt securities | 51,880 | 15,681 | 608 | **68,169** | 46,462 | 15,509 | 747 | **62,718** |
| *o/w related receivables* | | | | *975* | | | | *957* |
| *o/w provisions for impairment* | | | | *(495)* | | | | *(403)* |
| Shares and other equity securities (1) | 7,453 | 544 | 286 | **8,283** | 6,949 | 620 | 268 | **7,837** |
| *o/w related receivables* | | | | *2* | | | | *2* |
| *o/w impairment losses* | | | | *(2,135)* | | | | *(2,103)* |
| Loans and advances | - | - | - | **-** | - | - | - | **-** |
| *o/w related receivables* | | | | - | | | | - |
| *o/w provisions for impairment* | | | | - | | | | - |
| **Sub-total current assets** | **75,383** | **18,528** | **948** | **94,859** | **67,741** | **17,749** | **1,015** | **86,505** |
| **Long-term equity investments** | 1,226 | 419 | 2,345 | **3,990** | 1,665 | 171 | 2,092 | **3,928** |
| *o/w related receivables* | | | | *4* | | | | *5* |
| *o/w impairment losses* | | | | *(897)* | | | | *(799)* |
| **Total available-for-sale financial assets** | **76,609** | **18,947** | **3,293** | **98,849** | **69,406** | **17,920** | **3,107** | **90,433** |
| o/w securities on loan | | | | 166 | | | | 202 |

*(1) Including UCITS.*

**Changes in available-for-sale financial assets**

| (In millions of euros) | June 30, 2010 | December 31, 2009 |
|---|---|---|
| **Opening balance of the period** | **90,433** | **81,723** |
| Acquisitions | 43,607 | 105,714 |
| Disposals/redemptions * | (38,159) | (100,724) |
| Reclassification and change | (155) | 446 |
| Gains and losses on changes in fair value ** | 186 | 5,175 |
| Change in impairment on fixed income securities | (92) | (238) |
| *O/w: increase* | *(132)* | *(433)* |
| *write-back* | *93* | *264* |
| *others* | *(53)* | *(69)* |
| Impairment losses on variable income securities | (108) | (1,802) |
| Change in related receivables | 67 | 117 |
| Translation differences | 3,070 | 22 |
| **Closing balance of the period** | **98,849** | **90,433** |

** Disposals are valued according to the weighted average cost method.*

*** The difference with the caption "Revaluation of available-for-sale assets of the period" in note 19 mainly results from the variation of caption Insurance Companies-Deferred profit-sharing.*

# Note 7

## Due from banks

| *(In millions of euros)* | **June 30, 2010** | **December 31, 2009** |
|---|---|---|
| **Deposits and loans** | | |
| ***Demand and overnights*** | | |
| Current accounts | 17,858 | 15,144 |
| Overnight deposits and loans and others | 4,960 | 4,636 |
| Loans secured by overnight notes | 17 | 6 |
| ***Term*** | | |
| Term deposits and loans (1) | 20,226 | 20,127 |
| Subordinated and participating loans | 544 | 707 |
| Loans secured by notes and securities | 304 | 453 |
| Related receivables | 189 | 142 |
| **Gross amount** | **44,098** | **41,215** |
| Depreciation | | |
| Depreciation for individually impaired loans | (185) | (178) |
| Depreciation for groups of homogenous receivables | (11) | (29) |
| Revaluation of hedged items | 110 | 63 |
| **Net amount** | **44,012** | **41,071** |
| Securities purchased under resale agreements | 26,232 | 26,584 |
| **Total** | **70,244** | **67,655** |
| **Fair value of amounts due from banks** | **70,517** | **67,564** |

*(1) As at June 30, 2010, the amount of receivables with incurred credit risk is EUR 445 million compared with EUR 378 million as at December 31, 2009.*

# Note 8

## Customer loans

| *(In millions of euros)* | June 30, 2010 | December 31, 2009 |
|---|---|---|
| **Customer loans** | | |
| Trade notes | 9,387 | 9,504 |
| Other customer loans (1) (2) | | |
| Short-term loans | 104,184 | 99,437 |
| Export loans | 10,486 | 8,537 |
| Equipment loans | 60,805 | 61,614 |
| Housing loans | 92,974 | 89,204 |
| Other loans | 67,107 | 63,951 |
| **Sub-total** | **335,556** | **322,743** |
| Overdrafts | 17,190 | 15,342 |
| Related receivables | 1,423 | 1,382 |
| **Gross amount** | **363,556** | **348,971** |
| Depreciation | | |
| Depreciation for individually impaired loans | (12,986) | (10,977) |
| Depreciation for groups of homogeneous receivables | (1,211) | (1,145) |
| Revaluation of hedged items | 1,018 | 576 |
| **Net amount** | **350,377** | **337,425** |
| Loans secured by notes and securities | 117 | 175 |
| Securities purchased under resale agreements | 12,245 | 6,943 |
| **Total amount of customer loans** | **362,739** | **344,543** |
| **Fair value of customer loans** | **368,181** | **343,612** |

***(1) Breakdown of other customer loans by customer type***

| *(In millions of euros)* | June 30, 2010 | December 31, 2009 |
|---|---|---|
| Non-financial customers | | |
| Corporate | 150,683 | 144,265 |
| Individual Customers | 125,787 | 120,391 |
| Local authorities | 10,486 | 11,310 |
| Self-employed professionals | 10,494 | 10,578 |
| Governments and central administrations | 6,368 | 6,247 |
| Others | 2,065 | 2,223 |
| Financial customers | 29,673 | 27,729 |
| **Total** | **335,556** | **322,743** |

*(2) As at June 30, 2010, the amount of receivables with incurred credit risk is EUR 25,576 million, o/w EUR 3,971 million of reclassified financial assets, compared with EUR 22,431 million as at December 31, 2009, o/w EUR 3,557 million of reclassified financial assets.*

## Note 9

### Reclassification of financial assets

On October 1, 2008, the Group has reclassified non-derivative financial assets out of the fair value through profit or loss and the Available-for-sale categories. These reclassifications have been decided and then performed in accordance with the provisions of the amendments to IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" adopted by the European Union on October 15, 2008.

The Group identified in its trading and available-for-sale portfolios certain financial assets that were no more quoted in an active market on October 1, 2008. Having the ability and intent to hold these financial assets for the foreseeable future or until their maturity, the Group then decided to reclassify them at this date into the loans and receivables categories.

Furthermore, due to the exceptional deterioration of world's financial markets the Group has decided on October 1, 2008 to reclassify into the available-for-sale category certain financial instruments initially measured at fair value through profit or loss, as far as these instruments were then no more held for trading purpose.

No financial asset has been reclassified into the *Held-to-maturity financial assets* category according to these amendments.
Financial assets that have been reclassified have been recognised in their new category at their fair value on the date of reclassification.
No reclassification performed during the first half year of 2010.

The amounts of reclassified financial assets and the related consequences are the following:

| **New Category** *(In millions of euros)* | **Fair value on June 30, 2010 *** | **Accounting value on June 30, 2010 *** | **Fair value on December 31, 2009** | **Accounting value on December 31, 2009** | **Accounting value on the date of reclassification (October 1, 2008)** |
|---|---|---|---|---|---|
| Available-for-sale financial assets | 694 | 694 | 737 | 737 | 969 |
| Due from banks | 5,040 | 4,984 | 6,467 | 6,353 | 6,345 |
| Customer loans | 19,177 | 20,714 | 15,547 | 17,512 | 21,293 |
| **Total** | **24,911** | **26,392** | **22,751** | **24,602** | **28,607** |

| ***Contribution of financial assets on the period*** | **On June 30, 2010** |
|---|---|
| recognised in shareholders' equity | (2) |
| recognised in profit or loss | 487 |
| recognised in cost of risk | (310) |

| ***Changes in the fair value*** | **On June 30, 2010** | **On December 31, 2009** |
|---|---|---|
| that would have been recognised in shareholders' equity if the financial assets had not been reclassified ** | (51) | 676 |
| that would have been recognised in profit or loss if the financial assets had not been reclassified ** | 500 | (1,571) |

** Net reimbursements and disposals that have been received since January 1, 2010: EUR 614 million and EUR 169 million.*

The effective interest rates on June 30, 2010 of reclassified financial assets are ranged from 1.24% to 9.45%.

Expected recoverable cash flows on reclassified financial assets are EUR 31,735 million.

*** Including insurance activity reclassifications whose impact would have been neutralised by deferred profit-sharing for EUR -41 million in shareholders' equity and for EUR 8 million in Net banking income.*

# Note 10

## Other assets

| *(In millions of euros)* | June 30, 2010 | December 31, 2009 |
|---|---|---|
| Guarantee deposits paid [1] | 31,170 | 20,934 |
| Settlement accounts on securities transactions | 3,301 | 1,973 |
| Prepaid expenses | 936 | 928 |
| Miscellaneous receivables | 16,639 | 13,849 |
| **Gross amount** | **52,046** | **37,684** |
| Depreciation | (221) | (246) |
| **Net amount** | **51,825** | **37,438** |

*(1) It mainly concerns guarantee deposits paid on financial instruments.*

# Note 11

## Non-current assets and liabilities held for sale

| *(In millions of euros)* | June 30, 2010 | December 31, 2009 |
|---|---|---|
| **ASSETS** | **987** | **375** |
| Fixed assets and Goodwills | 158 | 17 |
| Financial assets | 249 | 59 |
| Receivables | 15 | 295 |
| *O/w: due from banks* | *15* | *38* |
| *customer loans* | *-* | *249* |
| *others* | *-* | *8* |
| Other assets | 565 | 4 |
| **LIABILITIES** | **542** | **261** |
| Allowances | 8 | 3 |
| Debts | 35 | 254 |
| *O/w: due to banks* | *8* | *7* |
| *customer deposits* | *15* | *233* |
| *others* | *12* | *14* |
| Other liabilities | 499 | 4 |

Companies which assets and liabilities are classified in this section as at June 30, 2010 are detailed in note 2.

## Note 12

**Goodwill affected by business unit**

| *(In millions of euros)* | French Networks | International Retail Banking | Specialised Financing and Insurance | Corporate and Investment Banking | Private Banking, Global Investment Management and Services: Asset Management | Private Banking, Global Investment Management and Services: Private Banking | Private Banking, Global Investment Management and Services: SGSS, Brokers | Group Total |
|---|---|---|---|---|---|---|---|---|
| **Gross value at December 31, 2009** | **291*** | **3,438** | **1,372** | **101*** | **443*** | **314** | **967*** | **6,926** |
| Acquisitions and other increases | - | - | 9 | - | 166 | - | - | 175 |
| Disposals and other decreases | - | - | (30) | (1) | - | - | - | (31) |
| Change | 2 | 227 | 50 | 10 | 99 | 32 | 9 | 429 |
| **Gross value at June 30, 2010** | **293** | **3,665** | **1,401** | **110** | **708** | **346** | **976** | **7,499** |
| **Impairment of goodwill at December 31, 2009** | **-** | **(264)** | **(42)** | **-** | **-** | **-** | **-** | **(306)** |
| Impairment losses | - | - | - | - | - | - | - | - |
| Change | - | (33) | - | - | - | - | - | (33) |
| **Impairment of goodwill at June 30, 2010** | - | (297) | (42) | - | - | - | - | **(339)** |
| **Net goodwill at December 31, 2009** | **291*** | **3,174** | **1,330** | **101*** | **443*** | **314** | **967*** | **6,620** |
| **Net goodwill at June 30, 2010** | **293** | **3,368** | **1,359** | **110** | **708** | **346** | **976** | **7,160** |

** Amounts in the opening were reprocessed further to the following change of business unit:*
*- Boursorama changed from Private Banking, Global Investment Management and Services to French Networks,*
*- Fortune Fund Management changed from Private Banking, Global Investment Management and Services to Corporate and Investment Banking.*

At the acquisition date, each item of goodwill is allocated to one or more cash-generating units (CGU) expected to derive benefits from the acquisition. Cash-generating units are the most accurate measurement units used by management to measure return on investment in a particular activity. The Group divides its activities into 13 cash-generating units, which is consistent with the management of the Group by core business lines.

The Group performs an annual impairment test on December 31, for each cash-generating unit to which goodwill has been allocated. An impairment loss is recognised through income statement if the carrying amount of a cash-generating unit, including its allocated goodwill, is higher than its recoverable amount. This impairment loss is then allocated first to reduce the carrying amount of goodwill.

The recoverable amount of a cash-generating unit is calculated using the most appropriate method, notably by discounting net cash flows expected from the whole cash-generating unit rather than from individual legal entities.

Cash flows used in that calculation are income available for distribution generated by all the entities included in the cash-generating unit; they are determined on the basis of a business plan which is derived from the prospective three-yearly budgets approved by management.

The discount rate used is a cost of capital calculated using a Capital Asset Pricing Model. This method is based on a risk free interest rate grossed up by a risk premium which is determined according to the underlying activities of the cash-generating unit. For entities located in emerging countries, a sovereign risk premium is also added, 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 implementation country and denominated in the currency of assignment.

Tests of sensibility are realised, notably allowing to measure the impact on the recoverable value of the variation in certain assumptions as the profitability, the long-term growth or the discount rate. As at June 30, 2010, none of the reasonably possible changes of these assumptions, as used for performing these sensitivity tests, has caused the carrying amount of any unit to exceed its recoverable amount.

**As at June 30, 2010, the Group identified the following cash-generating units (CGU):**

| *(In millions of euros)* | | June 30, 2010 | | |
|---|---|---|---|---|
| **CGU** | **BUSINESS UNIT** | **Goodwill (gross book value)** | **Impairment losses** | **Goodwill (net book value)** |
| International Retail Banking - European Union and Pre-European Union | International Retail Banking | 1,988 | | 1,988 |
| Russian Retail Banking | International Retail Banking | 1,184 | (297) | 887 |
| International Other Retail Banking | International Retail Banking | 493 | | 493 |
| Crédit du Nord | French Networks | 57 | | 57 |
| Societe General Network | French Networks | 236 | | 236 |
| Insurance Financial Services | Specialised Financing and Insurance | 10 | | 10 |
| Individual Financial Services | Specialised Financing and Insurance | 796 | (42) | 754 |
| Company Financial Services | Specialised Financing and Insurance | 418 | | 418 |
| Car renting Financial Services | Specialised Financing and Insurance | 177 | | 177 |
| Corporate and Investment Banking | Corporate and Investment Banking | 110 | | 110 |
| SGSS, Brokers | SGSS, Brokers | 976 | | 976 |
| Asset Management | Asset Management | 708 | | 708 |
| Private Banking | Private Banking | 346 | | 346 |

# Note 13

## Due to banks

| *(In millions of euros)* | June 30, 2010 | December 31, 2009 |
|---|---|---|
| **Demand and overnight deposits** | | |
| Demand deposits and current accounts | 9,637 | 8,846 |
| Overnight deposits and borrowings and others | 14,117 | 9,842 |
| **Sub-total** | **23,754** | **18,688** |
| **Term deposits** | | |
| Term deposits and borrowings | 47,887 | 54,874 |
| Borrowings secured by notes and securities | 358 | 362 |
| **Sub-total** | **48,245** | **55,236** |
| Related payables | 210 | 231 |
| Revaluation of hedged items | 164 | 702 |
| Securities sold under repurchase agreements | 15,664 | 15,229 |
| **Total** | **88,037** | **90,086** |
| **Fair value of amounts due to banks** | **87,949** | **89,101** |

# Note 14

## Customer deposits

| *(In millions of euros)* | June 30, 2010 | December 31, 2009 |
|---|---|---|
| **Regulated savings accounts** | | |
| Demand | 41,322 | 39,712 |
| Term | 17,170 | 16,782 |
| **Sub-total** | **58,492** | **56,494** |
| **Other demand deposits** | | |
| Businesses and sole proprietors | 44,803 | 43,509 |
| Individual customers | 43,132 | 38,452 |
| Financial customers | 38,705 | 32,603 |
| Others (1) | 13,392 | 8,609 |
| **Sub-total** | **140,032** | **123,173** |
| **Other term deposits** | | |
| Businesses and sole proprietors | 38,405 | 41,168 |
| Individual customers | 19,878 | 19,197 |
| Financial customers | 23,567 | 24,184 |
| Others (2) | 10,719 | 13,552 |
| **Sub-total** | **92,569** | **98,101** |
| Related payables | 983 | 1,156 |
| Revaluation of hedged items | 175 | 143 |
| **Total customer deposits** | **292,251** | **279,067** |
| Borrowings secured by notes and securities | 243 | 136 |
| Securities sold to customers under repurchase agreements | 23,892 | 20,851 |
| **Total** | **316,386** | **300,054** |
| **Fair value of customer deposits** | **317,362** | **300,617** |

*(1) O/w EUR 6,678 million linked to governments and central administrations as at June 30, 2010 and EUR 2,844 million as at December 2009.*

*(2) O/w EUR 6,767 million linked to governments and central administrations as at June 30, 2010 and EUR 10,886 million as at December 2009.*

# Note 15

## Securitised debt payables

| *(In millions of euros)* | **June 30, 2010** | **December 31, 2009** |
|---|---|---|
| Term savings certificates | 2,241 | 2,414 |
| Bond borrowings | 10,059 | 8,427 |
| Interbank certificates and negotiable debt instruments | 111,207 | 121,622 |
| Related payables | 666 | 652 |
| **Sub-total** | **124,173** | **133,115** |
| Revaluation of hedged items | 1,024 | 131 |
| **Total** | **125,197** | **133,246** |
| O/w floating rate securities | 67,641 | 76,457 |
| **Fair value of securitised debt payables** | **124,982** | **134,337** |

# Note 16

## Other liabilities

| *(In millions of euros)* | **June 30, 2010** | **December 31, 2009** |
|---|---|---|
| Guarantee deposits received [(1)] | 33,497 | 26,717 |
| Settlement accounts on securities transactions | 5,243 | 2,590 |
| Other securities transactions | 36 | 35 |
| Accrued social charges | 2,442 | 2,597 |
| Deferred income | 1,523 | 1,527 |
| Miscellaneous payables | 17,995 | 15,334 |
| **Total** | **60,736** | **48,800** |

*(1) It mainly concerns guarantee deposits received on financial instruments.*

## Note 17

### Provisions and depreciations

#### 1. Assets depreciations

| *(In millions of euros)* | Assets depreciations at December 31, 2009 | Impairment losses | Reversals available | Net impairment losses | Reversals used | Currency and scope effects | Assets depreciations as at June 30, 2010 |
|---|---|---|---|---|---|---|---|
| Banks | 178 | 12 | (6) | **6** | - | 1 | **185** |
| Customer loans | 10,977 | 3,477 | (1,560) | **1,917** | (552) | 644 | **12,986** |
| Lease financing and similar agreements | 493 | 251 | (175) | **76** | (44) | 8 | **533** |
| Groups of homogeneous receivables | 1,181 | 424 | (415) | **9** | - | 41 | **1,231** |
| Available-for-sale assets (1) | 3,332 | 241 | (137) | **104** | - | 118 | **3,554** |
| Others (1) | 471 | 128 | (111) | **17** | (31) | 7 | **464** |
| **Total** | **16,632** | **4,533** | **(2,404)** | **2,129** | **(627)** | **819** | **18,953** |

*(1) Including a EUR 65 million net allocation for identified risks.*

#### 2. Provisions

| *(In millions of euros)* | Provisions as at December 31, 2009 | Allocations | Write-backs available | Net allocation | Write-backs used | Effect of discounting | Currency and scope effects | Provisions as at June 30, 2010 |
|---|---|---|---|---|---|---|---|---|
| Provisions for off-balance sheet commitments to banks | 13 | 1 | (13) | **(12)** | - | - | - | **1** |
| Provisions for off-balance sheet commitments to customers | 187 | 122 | (73) | **49** | - | - | 8 | **244** |
| Provisions for employee benefits | 724 | 96 | (104) | **(8)** | - | - | 4 | **720** |
| Provisions for tax adjustments | 507 | 98 | (121) | **(23)** | - | - | (16) | **468** |
| Other provisions (2) (3) | 880 | 66 | (67) | **(1)** | (17) | 1 | 104 | **967** |
| **Total** | **2,311** | **383** | **(378)** | **5** | **(17)** | **1** | **100** | **2,400** |

*(2) Including a EUR 22 million net allocation for net cost of risk.*
*(3) The Group's other provisions include EUR 106 million of PEL/CEL provisions as at June 30, 2010 for the Societe Generale France Network and for Crédit du Nord.*

The consequences, as assessed on June 30, 2010, of those disputes and tax risks that are liable to have or have recently had a significant impact on the financial position of the Group, its activities or results have been taken into account in the Group's financial statements.

#### 3. Underwriting reserves of insurance companies

| *(In millions of euros)* | June 30, 2010 | December 31, 2009 |
|---|---|---|
| Underwriting reserves for unit-linked policies | 16,394 | 16,761 |
| Life insurance underwriting reserves | 61,694 | 57,274 |
| Non-life insurance underwriting reserves | 525 | 416 |
| **Total** | **78,613** | **74,451** |
| Deferred profit sharing (4) | (163) | (320) |
| Attributable to reinsurers | (340) | (323) |
| **Underwriting reserves of insurance companies net of the part attributable to reinsurers** | **78,110** | **73,808** |

(4) According to the December 19, 2008 CNC recommendation, a test of recoverability was carried out on the provisions for deferred profit-sharing booked in the assets. The accountancy method used for the calculation of the deferred profit-sharing in the assets is based on the consideration of the fair value of the assets compared to their historical value. The recoverability test is based on cash flows forecasts and relies on different stressed assumptions of collection and repurchase. In this context, forecasts on cash flows had been carried out on the base of different scenarii of stress combining or not decrease of turnover and/or increase of the repurchase: the turnover is decreased up to 85% and rates of repurchase are multiplied up to 6 for some years. In these forecasts, it has been proved that no realisation of unrealised losses should be necessary. In these conditions, the test of recoverability is convincing and shows the recoverable character of the deferred profit-sharing booked in the assets.

## Note 18

**Societe Generale ordinary shares, treasury shares, shares held by employees and shareholders' equity issued by the Group**

### 1. Ordinary shares issued by the Group

| *(Number of shares)* | **June 30, 2010** | **December 31, 2009** |
|---|---|---|
| Ordinary shares | 742,130,152 | 739,806,265 |
| Including treasury shares with voting rights (1) | 21,329,056 | 20,963,637 |
| Including shares held by employees | 51,591,415 | 52,775,564 |

*(1) Doesn't include the Societe Generale shares held for trading.*

At June 30, 2010, Societe Generale's fully paid-up capital amounted to EUR 927,662,690 and was made up of 742,130,152 shares with a nominal value of EUR 1.25.

Societe Generale proceeded in 2010 to an increase of capital, representing a total of EUR 3 million, with EUR 77 million of issuing premium. This ordinary share issue is due to the exercise by the shareholders of the option to distribute 2009 dividend in Societe Generale shares.

### 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 interests are classified as equity.

| Issuance Date | Amount issued | Remuneration |
|---|---|---|
| July 1, 1985 | EUR 69.657 M | BAR -0.25% with BAR = Bond Average Rate of the period from June, 1 to May, 31 before each due date |
| November 24, 1986 | USD 247.8 M | Average 6-months EuroDollar deposit rates communicated by reference banks +0.075% |
| June 30, 1994 | JPY 15,000 M | 5.385% until December 2014 and for next due dates: the more favorable rate between the fixed rate and a variable rate + spread defined as follow:<br>Mid Swap Rate JPY 5 years +1,25% until December 2019 and Mid Swap JPY 5 years + 2% for the next due dates |
| December 30, 1996 | JPY 10,000 M | 3.936% until September 2016 and for next due date: the more favorable rate between the fixed rate and a variable rate + spread defined as follow:<br>Mid Swap Rate JPY 5 years +2.0% |
| March 27, 2007 | GBP 350 M | 5.750% until March 2012 and for the next due dates 3-month GBP Libor +1.10% |

2.2. Preferred shares issued by subsidiaries

Due to the discretionary nature of the decision to pay dividends to shareholders, preferred shares issued by the Group's subsidiaries are classified as equity.

At June 30, 2010, the amount of preferred shares issued by the Group's subsidiaries and recognized under minority interests equals to EUR 996 million. During the first half of 2010, the preferred shares issued by a subsiduary during the first half of 2000 and amounting to EUR 500 M were reimbursed.

| Issuance Date | Amount issued | Remuneration |
|---|---|---|
| 4th quarter of 2001 (step up clause after 10 years) | USD 335 M | 6.302%, from 2011 3-months USD Libor +1.92% annually |
| 4th quarter of 2001 (step up clause after 10 years) | USD 90 M | 3-months USD Libor +0.92%, from 2011 3-months USD Libor +1.92% annually |
| 4th quarter of 2003 (step up clause after 10 years) | EUR 650 M | 5.419%, from 2013 3-months Euribor +1.95% annually |

2.3. Deeply subordinated notes

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

| Issuance Date | Amount issued | Remuneration |
|---|---|---|
| January 26, 2005 | EUR 1,000 M | 4.196%, from 2015 3-months Euribor +1.53% annually |
| April 05, 2007 | USD 200 M | 3-months USD Libor +0.75% annually, from 2017 3-months USD Libor +1.75% annually |
| April 05, 2007 | USD 1,100 M | 5.922%, from 2017 3-months USD Libor +1.75% annually |
| December 19, 2007 | EUR 600 M | 6.999%, from 2018 3-months Euribor +3.35% annually |
| May 22, 2008 | EUR 1,000 M | 7.76%, from 2013 3-months Euribor +3.35% annually |
| June 12, 2008 | GBP 700 M | 8.875%, from 2018 3-months GBP Libor +3.4% annually |
| February 27, 2009 | USD 450 M | 3-months USD Libor +6.77% annually |
| September 4, 2009 | EUR 1,000 M | 9.375%, from 2019 3-months Euribor +8.901% annually |
| October 7, 2009 | USD 1,000 M | 8.75% |

Movements related to the perpetual subordinated notes and to the deeply subordinated notes including *Retained earnings* are detailed below:

| *(In millions of euros)* | Deeply subordinated notes | Perpetual subordinated notes | Total |
|---|---|---|---|
| Tax savings on the remuneration to be paid to shareholders and booked under reserves | 82 | 6 | 88 |
| Remuneration paid booked under dividends (2010 Dividends paid line) | 269 | 29 | 298 |

### 3. Dividend paid

Dividends paid by the Societe Generale Group in 2010 amount to EUR 716 million and are detailed in the following table:

| *(In millions of euros)* | Group Share | Minority interests | Total |
|---|---|---|---|
| Ordinary shares | 182 | 194 | 376 |
| o/w paid in equity | 80 | - | 80 |
| o/w paid in cash | 102 | 194 | 296 |
| Other equity instruments | 298 | 42 | 340 |
| **Total** | **480** | **236** | **716** |

## Note 19

### Gains and losses recognised directly in equity

*(In millions of euros)*

| Change in gains and losses recognised directly in equity | June 30, 2010 | Period | December 31, 2009 |
|---|---|---|---|
| **Translation differences [1]** | **309** | **1,537** | **(1,228)** |
| Revaluation differences | | 1,537 | |
| Recycled to P&L | | - | |
| **Revaluation of available-for-sale assets** | **(757)** | **(178)** | **(579)** |
| Revaluation differences | | (90) | |
| Recycled to P&L | | (88) | |
| **Cash flow hedge derivatives revaluation** | **53** | **(201)** | **254** |
| Revaluation differences | | (201) | |
| Recycled to P&L | | - | |
| Amounts transfered into hedged item value | | | |
| **Net unrealized or deferred capital gains or losses from companies accounted for by the equity method** | **15** | **5** | **10** |
| **Tax** | **276** | **42** | **234** |
| **TOTAL** | **(104)** | **1,205** | **(1,309)** |

| *(In millions of euros)* | June 30, 2010 | | | December 31, 2009 | | |
|---|---|---|---|---|---|---|
| | **Gross Value** | **Tax** | **Net of tax** | **Gross Value** | **Tax** | **Net of Tax** |
| Translation differences | 309 | | 309 | (1,228) | | (1,228) |
| Revaluation of available-for-sale assets | (757) | 284 | (473) | (579) | 281 | (298) |
| Revaluation of hedging derivatives | 53 | (6) | 47 | 254 | (46) | 208 |
| Net unrealized or deferred capital gains or losses from companies accounted for by the equity method | 15 | (2) | 13 | 10 | (1) | 9 |
| **Total gains and losses recognised directly in equity** | **(380)** | **276** | **(104)** | **(1,543)** | **234** | **(1,309)** |
| **Group share** | | | **(170)** | | | **(1,279)** |
| **Minority interests** | | | **66** | | | **(30)** |

*(1) The variation in Group translation differences for 2010 amounted to EUR 1,395 million.*
*This variation was mainly due to the increase of the US Dollar against the Euro (EUR 702 million), the Rouble (EUR 146 million), the Pound sterling (EUR 120 million), the Yen (EUR 95 million), the Egyptian Pound (EUR 92 million) and to the decrease of the Romanian Leu against the Euro (EUR (24) million).*
*The variation in translation differences attributable to minority interests amounted to EUR 142 million.*
*This was mainly due to the revaluation of the Czech Koruna against the Euro (EUR 26 million), the Rouble (EUR 35 million), the US Dollar (EUR 52 million), the Egyptian Pound (EUR 33 million) and to the decrease of the Romanian Leu against the Euro (EUR (17) million).*

## Note 20

### Commitments

#### 1. Commitments granted and received

**Commitments granted**

| *(In millions of euros)* | June 30, 2010 | December 31, 2009 |
|---|---|---|
| **Loan commitments** | | |
| to banks | 22,164 | 12,141 |
| to customers [1] | | |
| Issuance facilities | - | 20 |
| Confirmed credit lines | 149,552 | 131,270 |
| Others | 2,099 | 2,126 |
| **Guarantee commitments** | | |
| on behalf of banks | 3,922 | 3,418 |
| on behalf of customers [1] [2] | 58,947 | 59,042 |
| **Securities commitments** | | |
| Securities to deliver | 67,830 | 20,882 |

**Commitments received**

| *(In millions of euros)* | June 30, 2010 | December 31, 2009 |
|---|---|---|
| **Loan commitments** | | |
| from banks | 54,197 | 44,336 |
| **Guarantee commitments** | | |
| from banks | 58,734 | 56,859 |
| other commitments [3] | 119,153 | 104,549 |
| **Securities commitments** | | |
| Securities to be received | 67,650 | 20,788 |

*(1) As at June 30, 2010, credit lines and guarantee commitments granted to special purpose vehicles amounted to EUR 13,819 million and EUR 1,129 million respectively.*

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

*(3) Including guarantees granted by government and official agencies and other guarantees granted by customers for EUR 52,458 million as at June 30, 2010 and EUR 41,604 million as at December 31, 2009. The remaining balance mainly corresponds to securities and assets assigned as guarantee for EUR 1,473 million as at June 30, 2010 and EUR 5,619 million as at December 31, 2009.*

#### 2. Forward financial instrument commitments (notional amounts)

| | June 30, 2010 | | December 31, 2009 | |
|---|---|---|---|---|
| *(In millions of euros)* | Trading transactions | Hedging transactions | Trading transactions | Hedging transactions |
| **Interest rate instruments** | | | | |
| *Firm transactions* | | | | |
| Swaps | 8,864,257 | 213,946 | 7,482,943 | 211,061 |
| Interest rate futures | 1,876,795 | 1,104 | 1,600,011 | 851 |
| *Options* | *2,820,430* | *7,083* | *2,650,018* | *8,498* |
| **Foreign exchange instruments** | | | | |
| *Firm transactions* | *1,611,871* | *8,858* | *1,223,930* | *18,912* |
| *Options* | *580,996* | - | *456,456* | - |
| **Equity and index instruments** | | | | |
| *Firm transactions* | *69,864* | - | *81,441* | - |
| *Options* | *752,075* | *37* | *648,626* | *80* |
| **Commodity instruments** | | | | |
| *Firm transactions* | *143,571* | - | *120,885* | - |
| *Options* | *85,581* | - | *71,344* | - |
| **Credit derivatives** | **1,611,607** | **-** | **1,287,612** | **-** |
| **Other forward financial instruments** | **3,719** | **1,207** | **2,753** | **755** |

### Securitisation transactions

The Societe Generale Group carries out securitisation transactions on behalf of customers or investors, and as such provides credit enhancement and liquidity facilities to the special purpose vehicles.

As at June 30, 2010, there are 4 non-consolidated vehicles (Barton, Antalis, Homes, ACE Australia) structured by the Group on behalf of customers or investors. Total assets held by these vehicles and financed through the issuance of commercial papers amounted to EUR 10,116 million (EUR 10,986 million as at December 31, 2009).

The non-controlling situation of the Group over these vehicles is regularly assessed using the consolidation criteria applicable to special purpose entities. As at June 30, 2010, none of these vehicles is consolidated as far as the Group does not control them and is neither exposed to the majority of the related risks and rewards.

The default risk on the assets held by these vehicles is borne by the transferors of the underlying receivables or by third parties. The Societe Generale Group provides an additional guarantee as a credit enhancement through the issuance of letters of credit in the amount of EUR 1,129 million (EUR 542 million as at December 31, 2009). Furthermore, the Group has granted these vehicles short-term loan facilities in the amount of EUR 13,819 million at this date (EUR 13,515 million as at December 31, 2009).

## Note 21

**Breakdown of assets and liabilities by term to maturity**

### Contractual maturities of financial liabilities [1]

| (In millions of euros at June 30, 2010) | Less than 3 months | 3 months to 1 year | 1-5 years | More than 5 years | Undetermined | Total |
|---|---|---|---|---|---|---|
| Due to central banks | 1,958 | - | 1 | - | - | **1,959** |
| Financial liabilities at fair value through profit or loss, except derivatives | 99,222 | 8,866 | 19,372 | 20,669 | - | **148,129** |
| Due to banks | 75,341 | 4,671 | 3,034 | 2,533 | - | **85,579** |
| Customer deposits | 257,411 | 23,441 | 29,929 | 6,147 | - | **316,928** |
| Securitised debt payables | 56,612 | 18,202 | 37,891 | 11,938 | - | **124,643** |
| Subordinated debts | 123 | 301 | 2,460 | 8,850 | 21 | **11,755** |
| **Total Liabilities** | **490,667** | **55,481** | **92,687** | **50,137** | **21** | **688,993** |
| Loans commitment granted | 71,038 | 46,412 | 56,354 | 13,678 | - | **187,482** |
| Guarantee commitments granted | 57,451 | 7,352 | 19,138 | 14,549 | - | **98,490** |
| **Total commitments granted** | **128,489** | **53,764** | **75,492** | **28,227** | **-** | **285,972** |

*(1) The displayed amounts are the contractual amounts except provisional interests and except derivatives.*

### Technical insurance allowances *

| (In millions of euros at June 30, 2010) | Less than 3 months | 3 months to 1 year | 1-5 years | More than 5 years | Undetermined | Total |
|---|---|---|---|---|---|---|
| Technical insurance allowances | 1,863 | 5,074 | 18,148 | 53,528 | - | **78,613** |

** Breakdown of accounting amounts.*

### Notional maturities of commitments on financial derivatives [2]

| (In millions of euros at June 30, 2010) | Assets | | | | Liabilities | | | |
|---|---|---|---|---|---|---|---|---|
| | Less than 1 year | 1-5 years | More than 5 years | Total | Less than 1 year | 1-5 years | More than 5 years | Total |
| **Interest rate instruments** | | | | | | | | |
| *Firm instruments* | | | | | | | | |
| Swaps | 2,950,527 | 3,199,535 | 2,928,141 | **9,078,203** | - | - | - | **-** |
| Interest rate futures | 724,910 | 180,822 | 41 | **905,773** | 774,205 | 197,921 | - | **972,126** |
| *Options* | 348,144 | 563,239 | 461,541 | **1,372,924** | 339,142 | 594,232 | 521,214 | **1,454,588** |
| **Forex instruments** | | | | | | | | |
| *Firm instruments* | *1,006,396* | *412,353* | *201,980* | ***1,620,729*** | - | - | - | **-** |
| *Options* | *182,588* | *47,347* | *60,755* | ***290,690*** | *183,793* | *43,439* | *63,073* | ***290,305*** |
| **Equity and index instruments** | | | | | | | | |
| *Firm instruments* | *28,893* | *4,992* | *2,310* | ***36,195*** | *26,710* | *5,240* | *1,720* | ***33,670*** |
| *Options* | *164,651* | *164,705* | *16,292* | ***345,648*** | *185,166* | *191,441* | *29,857* | ***406,464*** |
| **Commodity instruments** | | | | | | | | |
| *Firm instruments* | *57,404* | *16,861* | *587* | ***74,852*** | *50,885* | *17,260* | *574* | ***68,719*** |
| *Options* | *20,994* | *21,098* | *477* | ***42,569*** | *22,037* | *20,645* | *330* | ***43,012*** |
| **Credit derivatives** | 65,069 | 561,294 | 172,698 | **799,061** | 68,373 | 557,373 | 186,800 | **812,546** |
| **Other forward financial instruments** | 1,876 | 656 | 65 | **2,597** | 1,601 | 703 | 25 | **2,329** |

*(2) These items are presented according to the contractual maturity of financial instruments.*

## Note 22

### Foreign exchange transactions

| *(In millions of euros)* | June 30, 2010 Assets | Liabilities | Currencies bought, not yet received | Currencies sold, not yet delivered | December 31, 2009 Assets | Liabilities | Currencies bought, not yet received | Currencies sold, not yet delivered |
|---|---|---|---|---|---|---|---|---|
| EUR | 704,221 | 710,137 | 51,441 | 44,292 | 611,269 | 604,162 | 2,334 | 3,805 |
| USD | 241,168 | 250,170 | 34,317 | 44,132 | 224,235 | 259,341 | 19,970 | 24,546 |
| GBP | 30,367 | 34,408 | 5,083 | 6,931 | 31,852 | 31,750 | 2,703 | 4,598 |
| JPY | 27,177 | 26,863 | 9,209 | 4,452 | 23,688 | 17,855 | 4,239 | 2,844 |
| AUD | 10,125 | 9,619 | 3,150 | 4,059 | 17,723 | 16,931 | 2,256 | 2,172 |
| CZK | 25,653 | 26,829 | 133 | 177 | 24,701 | 25,878 | 132 | 148 |
| RUB | 12,760 | 8,321 | 177 | 82 | 11,508 | 10,305 | 120 | 105 |
| RON | 5,470 | 6,126 | 313 | 226 | 5,386 | 5,872 | 65 | 155 |
| Other currencies | 76,743 | 61,211 | 11,361 | 10,144 | 73,339 | 51,607 | 9,033 | 7,232 |
| **Total** | **1,133,684** | **1,133,684** | **115,184** | **114,495** | **1,023,701** | **1,023,701** | **40,852** | **45,605** |

## Note 23

### Interest income and expense

| *(In millions of euros)* | June 30, 2010 | December 31, 2009 | June 30, 2009 |
|---|---|---|---|
| **Transactions with banks** | **751** | **2,092** | **1,432** |
| Demand deposits and interbank loans | 577 | 1,626 | 998 |
| Securities purchased under resale agreements and loans secured by notes and securities | 174 | 466 | 434 |
| **Transactions with customers** | **8,504** | **16,899** | **9,005** |
| Trade notes | 384 | 1,068 | 522 |
| Other customer loans | 7,744 | 14,949 | 7,982 |
| Overdrafts | 350 | 815 | 454 |
| Securities purchased under resale agreements and loans secured by notes and securities | 26 | 67 | 47 |
| **Transactions in financial instruments** | **4,023** | **9,900** | **5,877** |
| Available-for-sale financial assets | 1,504 | 3,080 | 1,509 |
| Held-to-maturity financial assets | 40 | 91 | 165 |
| Securities lending | 17 | 41 | 11 |
| Hedging derivatives | 2,462 | 6,688 | 4,192 |
| **Finance leases** | **787** | **1,654** | **853** |
| Real estate finance leases | 120 | 274 | 147 |
| Non-real estate finance leases | 667 | 1,380 | 706 |
| **Total interest income** | **14,065** | **30,545** | **17,167** |
| **Transactions with banks** | **(557)** | **(2,014)** | **(1,549)** |
| Interbank borrowings | (482) | (1,793) | (1,275) |
| Securities sold under resale agreements and borrowings secured by notes and securities | (75) | (221) | (274) |
| **Transactions with customers** | **(3,067)** | **(6,789)** | **(3,395)** |
| Regulated savings accounts | (498) | (1,205) | (648) |
| Other customer deposits | (2,515) | (5,358) | (2,581) |
| Securities sold under resale agreements and borrowings secured by notes and securities | (54) | (226) | (166) |
| **Transactions in financial instruments** | **(3,944)** | **(10,100)** | **(5,666)** |
| Securitised debt payables | (779) | (2,289) | (1,322) |
| Subordinated and convertible debt | (274) | (589) | (305) |
| Securities borrowing | (33) | (66) | (43) |
| Hedging derivatives | (2,858) | (7,156) | (3,996) |
| **Other interest expense** | **(1)** | **(7)** | **(5)** |
| **Total interest expense** [(1)] | **(7,569)** | **(18,910)** | **(10,615)** |
| Including interest income from impaired financial assets | 221 | 404 | 169 |

*(1) 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 25). Insofar as income and expenses booked in the income statement are classified by type of instruments rather than by purpose, the net income generated by the activities on financial instruments at fair value through P&L must be assessed as a whole.*

# Note 24

## Fee income and expense

| *(In millions of euros)* | **June 30, 2010** | **December 31, 2009** | **June 30, 2009** |
|---|---|---|---|
| **Fee income from** | | | |
| Transactions with banks | 140 | 254 | 127 |
| Transactions with customers | 1,379 | 2,890 | 1,422 |
| Securities transactions | 312 | 684 | 343 |
| Primary market transactions | 40 | 326 | 181 |
| Foreign exchange transactions and financial derivatives | 504 | 885 | 517 |
| Loan and guarantee commitments | 402 | 692 | 317 |
| Services | 2,063 | 4,615 | 2,122 |
| Others | 143 | 99 | 138 |
| **Total fee income** | **4,983** | **10,445** | **5,167** |
| **Fee expense on** | | | |
| Transactions with banks | (153) | (293) | (148) |
| Securities transactions | (266) | (558) | (302) |
| Foreign exchange transactions and financial derivatives | (415) | (758) | (400) |
| Loan and guarantee commitments | (46) | (77) | (23) |
| Others | (426) | (947) | (464) |
| **Total fee expense** | **(1,306)** | **(2,633)** | **(1,337)** |

## Note 25

### Net gains and losses on financial instruments at fair value through P&L

| *(In millions of euros)* | June 30, 2010 | December 31, 2009 | June 30, 2009 |
|---|---|---|---|
| Net gain/loss on non-derivative financial assets held for trading | 1,176 | 13,374 | 4,044 |
| Net gain/loss on financial assets measured using fair value option | 13 | 118 | (132) |
| Net gain/loss on non-derivative financial liabilities held for trading | (756) | (9,022) | (3,804) |
| Net gain/loss on financial liabilities measured using fair value option | (212) | (772) | (587) |
| Net gain/loss on derivative instruments | (59) | (4,171) | (216) |
| Net income from hedging instruments / fair value hedge | 1,548 | - | (622) |
| Revaluation of hedged items attributable to hedged risks | (1,210) | (123) | 232 |
| Ineffective portion of cash flow hedge | - | (4) | (15) |
| Net gain/loss on foreign exchange transactions | 1,909 | 1,602 | 741 |
| **Total (1)** | **2,409** | **1,002** | **(359)** |

*(1) Insofar as income and expenses booked in the income statement are classified by type of instruments rather than by purpose, the net income generated by the activities on 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 among interest expense and interest income.*

The remaining amount to be registered 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 registered in the income statement after initial recognition in the accounts, breaks down as follows:

| *(In millions of euros)* | June 30, 2010 | December 31, 2009 | June 30, 2009 |
|---|---|---|---|
| Remaining amount to be registered in the income statement as at the begining of the period | 823 | 849 | 849 |
| Amount generated by new transactions within the period | 197 | 647 | 417 |
| Amount registered in the income statement within the period | (160) | (673) | (362) |
| Depreciation | (111) | (530) | (277) |
| Switch to observable parameters | (37) | (14) | - |
| Expired or terminated | (59) | (122) | (80) |
| Translation differences | 47 | (7) | (5) |
| Remaining amount to be registered in the income statement as at the end of the period | 860 | 823 | 904 |

This amount is registered in the income statement according to the spread over time or when the valuation techniques switch to observable parameters.

# Note 26

## Net gains and losses on available-for-sale financial assets

| *(In millions of euros)* | June 30, 2010 | December 31, 2009 | June 30, 2009 |
|---|---|---|---|
| **Current activities** | | | |
| Gains on sale [(1)] | 121 | 316 | 81 |
| Losses on sale [(2)] | (68) | (285) | (40) |
| Impairment losses on variable income securities | (42) | (1,673) | (1,611) |
| Deferred or not profit sharing on available-for-sale financial assets of insurance subsidiaries | 3 | 1,664 | 1,601 |
| **Sub-total** | **14** | **22** | **31** |
| **Long-term equity investments** | | | |
| Gains on sale | 87 | 86 | 15 |
| Losses on sale | (13) | (34) | (1) |
| Impairment losses on variable income securities | (66) | (129) | (99) |
| **Sub-total** | **8** | **(77)** | **(85)** |
| **Total** | **22** | **(55)** | **(54)** |

*(1) O/w EUR 64 million for Insurance activities as at June 30, 2010.*

*(2) O/w EUR -44 million for Insurance activities as at June 30, 2010.*

# Note 27

## Personnel expenses

| *(In millions of euros)* | June 30, 2010 | December 31, 2009 | June 30, 2009 |
|---|---|---|---|
| Employee compensation | (3,342) | (6,454) | (3,316) |
| Social security charges and payroll taxes | (664) | (1,243) | (633) |
| Net retirement expenses - defined contribution plans | (298) | (555) | (270) |
| Net retirement expenses - defined benefit plans | (69) | (134) | (67) |
| Other social security charges and taxes | (206) | (412) | (225) |
| Employee profit-sharing and incentives | (149) | (359) | (162) |
| **Total** | **(4,728)** | **(9,157)** | **(4,673)** |

## Note 28

### Share-based payment plans

### 1. Expenses recorded in the income statement

| (In millions of euros) | June 30,2010 Cash settled plans | June 30,2010 Equity settled plans | June 30,2010 Total plans | December 31,2009 Cash settled plans | December 31,2009 Equity settled plans | December 31,2009 Total plans | June 30,2009 Cash settled plans | June 30,2009 Equity settled plans | June 30,2009 Total plans |
|---|---|---|---|---|---|---|---|---|---|
| Net expenses from stock purchase plans | - | - | **-** | - | 55.1 | **55.1** | - | 27.9 | **27.9** |
| Net expenses from stock option and free share plans | 179.5 | 52.9 | **232.4** | 171.3 | 174.2 | **345.5** | 0.2 | 72.9 | **73.1** |

### 2. Main characteristics of new plans granted in the first half of 2010

Equity settled plans for Group employees for the half year ended June 30, 2010 are briefly described below:

| **Issuer** | **Societe Generale** |
|---|---|
| **Year of grant** | **2010** |
| **Type of plan** | **subscription stock option** |
| Shareholders agreement | 05.27.2008 |
| Board of Directors decision | 03.09.2010 |
| Number of stock-options granted | 1,000,000 |
| Contractual life of the options granted | 7 years |
| Settlement | Societe Generale shares |
| Vesting period | 03.09.2010 - 03.31.2014 |
| Performance conditions | yes for certain recipients, performance condition called "Group's performance conditions" (1) |
| Resignation from the Group | forfeited |
| Redundancy | forfeited |
| Retirement | maintained |
| Death | maintained for 6 months |
| Share price at grant date (average of 20 days prior to grant date) | 40.988 |
| Discount | - |
| Exercise price | 41.2 |
| Options exercised | 0 |
| Options forfeited at June 30, 2010 | 6,909 |
| Options outstanding at June 30, 2010 | 993,091 |
| Number of shares reserved at June 30, 2010 | - |
| Share price of shares reserved (in EUR) | - |
| Total value of shares reserved (in EUR million) | - |
| First authorized date for selling the shares | 03.31.2014 |
| Delay for selling after vesting period | none |
| Fair value (% of the share price at grant date) | 28% |
| | if the condition related to the ROE is not reached, fair value including the condition on the TSR : 8% |
| Valuation method used to determine the fair value | Monte-Carlo |

(1) The Group performance condition is based on a two-level system. The first criterion relates to SG Group's ROE after tax in 2012. The second criterion is based on a comparaison over the 2010-2012 period between the annualized TSR for the SG Share and the annualized TSR of a peer group composed of 11 banks.

| **Issuer** | **Societe Generale** | |
|---|---|---|
| **Year of grant** | **2010** | |
| **Type of plan** | **free shares** | |
| Shareholders agreement | 05.27.2008 | |
| Board of Directors decision | 03.09.2010 | |
| Number of free shares granted | 4,200,000 | |
| Settlement | Societe Generale shares | |
| | Sub-plan n°1 | Sub-plan n°2 |
| Vesting period | 03.09.2010 - 03.31.2013 | 03.09.2010 - 03.31.2012<br>03.09.2010 - 03.31.2013 |
| Performance conditions | yes for certain recipients, performance condition called "Group's performance conditions" (1) | yes for certain recipients, on all or part of the grant, performance conditions based on Group (1), division, business line, and subject to an individual/team-based claw-back clause (2) |
| Resignation from the Group | forfeited | |
| Redundancy | forfeited | |
| Retirement | maintained | |
| Death | maintained for 6 months | |
| Share price at grant date | 43.645 | |
| Shares forfeited at June 30, 2010 | 236,584 | |
| Shares outstanding at June 30, 2010 | 3,963,416 | |
| Number of shares reserved at June 30, 2010 | 3,963,416 | |
| Share price of shares reserved (in EUR) | 47.71 | |
| Total value of shares reserved (in EUR million) | 189 | |
| First authorized date for selling the shares | 03.31.2015 | 03.31.2014<br>03.31.2015 |
| Delay for selling after vesting period | 2 years | |
| Fair value (% of the share price at grant date) | vesting period two years : | 86% |
| | vesting period tree years : | 82% |
| | if the condition related to the ROE is not reached, faire value including the condition on the TSR : vesting period tree years : 16% | |
| Valuation method used to determine the fair value | Arbitrage | |

(1) The Group performance condition is based on a two-level system. The first criterion relates to SG Group's ROE after tax in 2012. The second criterion is based on a comparaison over the 2010-2012 period between the annualized TSR for the SG Share and the annualized TSR of a peer group composed of 11 banks.

(2) The performance conditions relate to the results of the division, the business line, according to the category of population of the recipients. These criteria are based on performance indicators (operating income, operating losses) of the division, the business line, and/or the sub business line.
The plan includes an individual/team-based claw-back clause in case of non compliant behavior or unacceptable risk exposure.

### 3. Information on other plans

**ALLOCATION OF SOCIETE GENERALE SHARES WITH A DISCOUNT**
**Global employee share-Ownership plan**
As part of the Group employee shareholding policy, Societe Generale offered on the 04.20.2010 to employees of the Group to subscribe to a reserved capital increase at a share price of EUR 36.98, with a discount of 20% reported at the average of the 20 Societe Generale share prices before this date.

Number of shares subscribed has been 4,291,479. 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 was under the subscription price offered to the employees.

**FREE SHARES PLANS 2010 -TCW**
**Equity settled plan**

TCW has decided to set up a free shares plan for employees and officers of the Group. The grants are subjected to presence conditions and, partially, to performance conditions. The vesting period spreads over five years. This plan includes a guarantee of liquidity in SG shares.

**Cash-settled plan**

Following the purchase of Metropolitan West Asset Management, TCW has set up a retention plan for employees of this company including awards of free share. The grants are subjected to presence conditions and the vesting period spreads over five years. This plan includes a guarantee of liquidity in cash.

# Note 29

## Cost of risk

| *(In millions of euros)* | June 30, 2010 | December 31, 2009 | June 30, 2009 |
|---|---|---|---|
| **Counterparty risk** | | | |
| Net allocation to impairment losses | (2,110) | (5,371) | (2,317) |
| **Losses not covered** | **(99)** | **(359)** | **(79)** |
| on bad loans | (85) | (268) | (57) |
| on other risks | (14) | (91) | (22) |
| **Amounts recovered** | **89** | **143** | **69** |
| on bad loans | 88 | 132 | 66 |
| on other risks | 1 | 11 | 3 |
| **Other risks** | | | |
| Net allocation to other provisions | (22) | (261) | (102) |
| **Total** | **(2,142)** | **(5,848)** | **(2,429)** |

# Note 30

## Income tax

| *(In millions of euros)* | June 30, 2010 | December 31, 2009 | June 30, 2009 |
|---|---|---|---|
| Current taxes | (730) | (1,387) | (567) |
| Deferred taxes | (76) | 1,695 | 505 |
| **Total taxes** (1) | **(806)** | **308** | **(62)** |

(1) Reconciliation of the difference between the Group's normative tax rate and its effective tax rate:

| | June 30, 2010 | December 31, 2009 | June 30, 2009 |
|---|---|---|---|
| Income before tax excluding net income from companies accounted for by the equity method and impairment losses on goodwill (in millions of euros) | 3,052 | 827 | 330 |
| Normal tax rate applicable to French companies (including 3.3% tax contributions) | 34.43% | 34.43% | 34.43% |
| Permanent differences | -3.66% | -6.06% | 8.81% |
| Differential on items taxed at reduced rate | -0.33% | -21.98% | 0.00% |
| Tax rate differential on profits taxed outside France | -4.05% | -32.70% | -13.97% |
| Impact of non-deductible losses and use of tax losses carried forward | 0.01% | -10.99% | -10.47% |
| **Group effective tax rate** | **26.40%** | **-37.30%** | **18.80%** |

In France, the normal corporate income tax rate is 33.33%. Since January 1, 2007, long-term capital gains on equity investments are exempt but taxed a share of expenses of 1.66%. Additionally, a tax contribution (national contribution payment based on pre-tax earnings) was introduced in 2000 equal to 3.3% (after a deduction from basic taxable income of EUR 0.76 million). Dividends from companies in which Societe Generale's interest is at least 5% are tax-exempt.

The normal tax rate applicable to French companies to determine their deferred tax is 34.43%. The reduced rate is 1.72% taking into account the nature of the taxed transactions.

## Note 31

### Earnings per share

| *(In millions of euros)* | June 30, 2010 | December 31, 2009 | June 30, 2009 * |
|---|---|---|---|
| Net income, Group Share | 2,147 | 678 | 31 |
| Net attributable income to deeply subordinated notes | 155 | 313 | 151 |
| Net attributable income to deeply undated subordinated notes shareholders | 12 | 25 | 13 |
| Net attributable income to preference shareholders issued by the Group | - | 60 | (2) |
| **Net attributable income to ordinary shareholders** | **1,980** | **280** | **(131)** |
| Weighted average number of ordinary shares outstanding (1) | 719,465,057 | 624,488,571 | 595,710,778 |
| **Earnings per ordinary share (in EUR)** | **2.75** | **0.45** | **(0.22)** |

| *(In millions of euros)* | June 30, 2010 | December 31, 2009 | June 30, 2009 * |
|---|---|---|---|
| Net income, Group Share | 2,147 | 678 | 31 |
| Net attributable income to deeply subordinated notes | 155 | 313 | 151 |
| Net attributable income to deeply undated subordinated notes shareholders | 12 | 25 | 13 |
| Net attributable income to preference shareholders issued by the Group | - | 60 | (2) |
| **Net attributable income to ordinary shareholders** | **1,980** | **280** | **(131)** |
| Weighted average number of ordinary shares outstanding (1) | 719,465,057 | 624,488,571 | 595,710,778 |
| Average number of ordinary shares used to calculate dilution | 3,438,689 | 2,332,455 | 1,705,444 |
| Weighted average number of ordinary shares used to calculate diluted net earnings per share | 722,903,746 | 626,821,026 | 597,416,222 |
| **Diluted earnings per ordinary share (in EUR)** | **2.74** | **0.45** | **(0.22)** |

The dividend paid in 2010 regarding 2009 financial year amounts to EUR 0.25 per share.

** Amounts adjusted with respect to the published financial statements as at June 30, 2009 due to the preferred subscription rights of october 2009 capital increase.*
*(1) Excluding treasury shares.*

## Note 32

### Sector information

#### Sector information by business lines

| (In millions of euros) | French Networks (1) (4) | | | International Retail Banking | | | Specialised Financing and Insurance | | |
|---|---|---|---|---|---|---|---|---|---|
| | June 30, 2010 | December 31, 2009 * | June 30, 2009 * | June 30, 2010 | December 31, 2009 * | June 30, 2009 * | June 30, 2010 | December 31, 2009 * | June 30, 2009 * |
| Net banking income | 3,823 | 7,466 | 3,656 | 2,423 | 4,749 | 2,356 | 1,775 | 3,239 | 1,545 |
| Operating Expenses (6) | (2,481) | (4,911) | (2,404) | (1,357) | (2,681) | (1,344) | (912) | (1,818) | (871) |
| **Gross operating income** | **1,342** | **2,555** | **1,252** | **1,066** | **2,068** | **1,012** | **863** | **1,421** | **674** |
| Cost of risk | (448) | (970) | (444) | (700) | (1,298) | (609) | (610) | (1,224) | (527) |
| **Operating income** | **894** | **1,585** | **808** | **366** | **770** | **403** | **253** | **197** | **147** |
| Net income from companies accounted for by the equity method | 4 | 13 | 4 | 6 | 6 | 3 | (8) | (54) | (31) |
| Net income / expense from other assets | 5 | 2 | 1 | 4 | 7 | 11 | (4) | (16) | 1 |
| Impairment of goodwill | - | - | - | - | - | - | - | (44) | (19) |
| **Earnings before tax** | **903** | **1,600** | **813** | **376** | **783** | **417** | **241** | **83** | **98** |
| Income tax | (306) | (540) | (275) | (71) | (155) | (83) | (71) | (48) | (40) |
| **Net income before minority interests** | **597** | **1,060** | **538** | **305** | **628** | **334** | **170** | **35** | **58** |
| Minority interests | 6 | 53 | 24 | 66 | 169 | 87 | 8 | 9 | 5 |
| **Net income, Group share** | **591** | **1,007** | **514** | **239** | **459** | **247** | **162** | **26** | **53** |

**Private Banking, Global Investment Management and Services**

| (In millions of euros) | Asset Management (2) | | | Private Banking | | | SGSS, Brokers (1) | | |
|---|---|---|---|---|---|---|---|---|---|
| | June 30, 2010 (3) | December 31, 2009 * | June 30, 2009 * | June 30, 2010 | December 31, 2009 * | June 30, 2009 * | June 30, 2010 | December 31, 2009 * | June 30, 2009 * |
| Net banking income | 218 | 646 | 282 | 325 | 829 | 419 | 553 | 1,059 | 557 |
| Operating Expenses (6) | (227) | (656) | (303) | (264) | (526) | (263) | (486) | (1,046) | (550) |
| **Gross operating income** | **(9)** | **(10)** | **(21)** | **61** | **303** | **156** | **67** | **13** | **7** |
| Cost of risk | (3) | - | - | (1) | (38) | (26) | (1) | (2) | (1) |
| **Operating income** | **(12)** | **(10)** | **(21)** | **60** | **265** | **130** | **66** | **11** | **6** |
| Net income from companies accounted for by the equity method | 47 | - | - | - | - | - | (1) | - | - |
| Net income / expense from other assets | - | (1) | (1) | - | - | - | - | - | 2 |
| Impairment of goodwill | - | - | - | - | - | - | - | - | - |
| **Earnings before tax** | **35** | **(11)** | **(22)** | **60** | **265** | **130** | **65** | **11** | **8** |
| Income tax | 4 | 4 | 8 | (13) | (60) | (29) | (22) | (4) | (4) |
| **Net income before minority interests** | **39** | **(7)** | **(14)** | **47** | **205** | **101** | **43** | **7** | **4** |
| Minority interests | - | 3 | 2 | - | - | - | - | 1 | - |
| **Net income, Group share** | **39** | **(10)** | **(16)** | **47** | **205** | **101** | **43** | **6** | **4** |

| (In millions of euros) | Corporate and Investment Banking (2) (4) (5) | | | Corporate Centre ** (5) | | | Societe Generale Group | | |
|---|---|---|---|---|---|---|---|---|---|
| | June 30, 2010 | December 31, 2009 * | June 30, 2009 * | June 30, 2010 | December 31, 2009 * | June 30, 2009 * | June 30, 2010 | December 31, 2009 * | June 30, 2009 * |
| Net banking income (7) | 3,895 | 7,028 | 3,877 | 248 | (3,286) | (2,063) | 13,260 | 21,730 | 10,629 |
| Operating Expenses (6) | (2,226) | (3,981) | (2,099) | (113) | (147) | (50) | (8,066) | (15,766) | (7,884) |
| **Gross operating income** | **1,669** | **3,047** | **1,778** | **135** | **(3,433)** | **(2,113)** | **5,194** | **5,964** | **2,745** |
| Cost of risk | (375) | (2,320) | (826) | (4) | 4 | 4 | (2,142) | (5,848) | (2,429) |
| **Operating income** | **1,294** | **727** | **952** | **131** | **(3,429)** | **(2,109)** | **3,052** | **116** | **316** |
| Net income from companies accounted for by the equity method | 9 | 52 | 21 | 1 | (2) | (3) | 58 | 15 | (6) |
| Net income / expense from other assets | (2) | (7) | (2) | (3) | 726 | 2 | - | 711 | 14 |
| Impairment of goodwill | - | - | - | - | 2 | 1 | - | (42) | (18) |
| **Earnings before tax** | **1,301** | **772** | **971** | **129** | **(2,703)** | **(2,109)** | **3,110** | **800** | **306** |
| Income tax | (346) | (93) | (253) | 19 | 1,204 | 614 | (806) | 308 | (62) |
| **Net income before minority interests** | **955** | **679** | **718** | **148** | **(1,499)** | **(1,495)** | **2,304** | **1,108** | **244** |
| Minority interests | 4 | 16 | 11 | 73 | 179 | 84 | 157 | 430 | 213 |
| **Net income, Group share** | **951** | **663** | **707** | **75** | **(1,678)** | **(1,579)** | **2,147** | **678** | **31** |

** All the core business results have been prepared on the basis of normative capital allocation to businesses equivalent to 7% Basel II risk-weighted assets at the beginning of the period (vs. 6% previously on average assets for the period), supplemented by the additional consumption of prudential capital generated by each business (deductions impacting Basel II Tier 1 capital) and, if necessary, requirements specific to the insurance activities.*

*** The Corporate Centre includes:*
*- the Group's real estate portfolio, offices and other premises,*
*- industrial and bank equity portfolio,*
*- Group treasury functions, some of the costs of cross-business projects and certain corporate costs not reinvoiced.*

*(1) The entity Boursorama, previously affiliated with Private Banking, Global Investment Management and Services, is integrated from now in the French Networks.*

*(2) SGAM Alternative Investments' structured products, index tracking products and alternative investment activities are merged with those of Lyxor Asset Management, and therefore incorporated in Corporate and Investment Banking as from January 1, 2010.*

*(3) As from January 1, 2010, the financial contribution of Amundi (the asset management division 25%-owned by Societe Generale and 75%-owned by Credit Agricole) is presented under "Net income from companies accounted for by the equity method".*

*(4) The Group adapted its organisation in the first quarter of 2009. All the real estate subsidiaries previously affiliated with Corporate and Investment Banking, except for ODIPROM, have joined the French Networks. This transfer includes notably GENEFIM, SOGEPROM and GENEFIMMO, as well as their respective subsidiaries.*

*(5) The following items have been charged into Corporate Centre from 2009: CDS revaluation of corporate credit portfolio and financial liabilities revaluation.*
*The entities SGAM AI CREDIT PLUS and SGAM AI CREDIT PLUS OPPORTUNITES, previously affiliated with Corporate Centre, have joined the Corporate and Investment Banking. On the other hand, the Group has transfered a portfolio of securities classified in "available-for-sale" and "held-to-maturity" from the Corporate Centre to the Corporate and Investment Banking.*

*(6) Including depreciation and amortisation.*

**(7) Breakdown of the Net banking income by business for the "Corporate and Investment Banking":**

| (In millions of euros) | June 30, 2010 | Décember 31, 2009 * (8) | June 30, 2009 * (8) |
|---|---|---|---|
| Global Markets | 2,589 | 7,338 | 4,395 |
| Financing and Advisory | 1,258 | 2,510 | 1,239 |
| Legacy Assets | 48 | (2,820) | (1,757) |
| **Total Net banking income** | **3,895** | **7,028** | **3,877** |

*(8) The breakdown of the Net banking income by business was aligned on the new organisation of the core business "Corporate and Investment Banking".*

## Note 32 (continued)

### Sector information

### Sector information by business line

| *(In millions of euros)* | French Networks | | International Retail banking | | Specialised Financing and Insurance | | Corporate and Investment Banking | |
|---|---|---|---|---|---|---|---|---|
| | June 30, 2010 | December 31, 2009 (2) | June 30, 2010 | December 31, 2009 | June 30, 2010 | December 31, 2009 | June 30, 2010 | December 31, 2009 (3) |
| Sector assets | 187,244 | 182,566 | 90,189 | 87,443 | 133,529 | 127,431 | 610,277 | 533,004 |
| Sector liabilities (1) | 138,527 | 133,656 | 73,714 | 71,426 | 86,021 | 81,189 | 642,331 | 567,148 |

| *(In millions of euros)* | Private Banking, Global Investment Management and Services | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Asset Management | | Private Banking | | SGSS, Brokers | | Division Total | | Corporate Centre * | | Societe Generale Group | |
| | June 30, 2010 | December 31, 2009 (3) | June 30, 2010 | December 31, 2009 | June 30, 2010 | December 31, 2009 (2) | June 30, 2010 | December 31, 2009 | June 30, 2010 | December 31, 2009 | June 30, 2010 | December 31, 2009 (2) (3) |
| Sector assets | 3,000 | 3,503 | 21,563 | 18,963 | 57,344 | 44,477 | 81,907 | 66,943 | 30,538 | 26,314 | 1,133,684 | 1,023,701 |
| Sector liabilities (1) | 643 | 706 | 26,735 | 25,012 | 72,657 | 60,337 | 100,035 | 86,055 | 43,779 | 37,389 | 1,084,407 | 976,863 |

** The Corporate Centre includes:*
*- the Group's real estate portfolio, offices and other premises,*
*- industrial and bank equity portfolio,*
*- Group treasury functions, some of the costs of cross-business projects and certain corporate costs not reinvoiced.*

*(1) Sector liabilities correspond to debts (i.e. total liabilities except equity).*

*(2) The entity Boursorama, previously affiliated with Private Banking, Global Investment Management and Services, is integrated from now in the French Networks.*

*(3) The entity Fortune Fund Management, previously affiliated with Asset Management, is integrated from now in the Corporate and Investment Banking business line.*

## Note 32 (continued)

### Sector information

### Sector information by geographical regions

**Geographical breakdown of Net banking income**

| (In millions of euros) | France | | | Europe | | | Americas | | |
|---|---|---|---|---|---|---|---|---|---|
| | June 30, 2010 | December 31, 2009 | June 30, 2009 | June 30, 2010 | December 31, 2009 | June 30, 2009 | June 30, 2010 | December 31, 2009 | June 30, 2009 |
| Net interest and similar income | 3,633 | 5,581 | 3,570 | 2,064 | 3,994 | 1,915 | 319 | 1,311 | 625 |
| Net fee income | 2,193 | 4,750 | 2,231 | 881 | 1,772 | 935 | 337 | 826 | 442 |
| Net income / expense from financial transactions | 517 | (1,315) | (287) | 1,005 | 1,977 | (139) | 631 | (126) | (186) |
| Other net operating income | 159 | 318 | 238 | 429 | 711 | 289 | (26) | (39) | (3) |
| **Net banking income** | **6,502** | **9,334** | **5,752** | **4,379** | **8,454** | **3,000** | **1,261** | **1,972** | **878** |

| (In millions of euros) | Asia | | | Africa | | | Oceania | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | June 30, 2010 | December 31, 2009 | June 30, 2009 | June 30, 2010 | December 31, 2009 | June 30, 2009 | June 30, 2010 | December 31, 2009 | June 30, 2009 | June 30, 2010 | December 31, 2009 | June 30, 2009 |
| Net interest and similar income | 59 | 125 | 81 | 451 | 818 | 409 | 69 | 135 | 86 | 6,595 | 11,964 | 6,686 |
| Net fee income | 70 | 131 | 54 | 179 | 315 | 162 | 17 | 18 | 6 | 3,677 | 7,812 | 3,830 |
| Net income / expense from financial transactions | 272 | 374 | 184 | 40 | 48 | 25 | (34) | (11) | (10) | 2,431 | 947 | (413) |
| Other net operating income | - | 1 | 1 | (4) | 1 | 1 | (1) | 15 | - | 557 | 1,007 | 526 |
| **Net banking income** | **401** | **631** | **320** | **666** | **1,182** | **597** | **51** | **157** | **82** | **13,260** | **21,730** | **10,629** |

**Geographical breakdown of balance sheet items**

| (In millions of euros) | France | | Europe | | Americas | | Asia | |
|---|---|---|---|---|---|---|---|---|
| | June 30, 2010 | December 31, 2009 | June 30, 2010 | December 31, 2009 | June 30, 2010 | December 31, 2009 | June 30, 2010 | December 31, 2009 |
| Sector assets | 831,179 | 708,038 | 161,194 | 158,745 | 101,285 | 107,429 | 11,246 | 15,263 |
| Sector liabilities (1) | 789,324 | 669,480 | 155,560 | 152,584 | 102,175 | 107,601 | 10,671 | 14,829 |

| (In millions of euros) | Africa | | Oceania | | Total | |
|---|---|---|---|---|---|---|
| | June 30, 2010 | December 31, 2009 | June 30, 2010 | December 31, 2009 | June 30, 2010 | December 31, 2009 |
| Sector assets | 23,022 | 20,522 | 5,758 | 13,704 | 1,133,684 | 1,023,701 |
| Sector liabilities (1) | 21,038 | 18,804 | 5,639 | 13,565 | 1,084,407 | 976,863 |

*(1) Sector liabilities correspond to debts (i.e. total liabilities except equity).*

# Note 33

## Post closing events

Following the signature of a bargaining agreement with the BPCE on June 13th 2010, negotiations have been held with a view to purchasing all of Société Marseillaise de Crédit's capital. An asset sale agreement was signed on July 30th, 2010 with a EUR 872 million price. It will take effect once the conditions precedent have been met.

This operation has not had any impact on condensed interim consolidated financial statements.