



18 / 02 / 2009

## **Specific financial information Q4 08**

**(based on FSF recommendations  
for financial transparency)**



## Contents

- ▶ Unhedged CDOs exposed to the US residential mortgage sector
- ▶ CDOs of RMBS': valuation assumptions and sensitivities and comparison with ABX indices
- ▶ Protection purchased to hedge exposures to CDOs and other assets
- ▶ Protection purchased to hedge exposures to CDOs and other assets: valuation method
- ▶ Exposure to counterparty risk on monoline insurers: hedging of CDOs and other assets
- ▶ Exposure to CMBS'
- ▶ Exposure to US residential mortgage market: residential loans and RMBS'
- ▶ Exposure to residential mortgage markets in Spain and the UK
- ▶ Commercial conduits
- ▶ Exotic credit derivatives
- ▶ Portfolio of assets bought back from SGAM
- ▶ Exposure to LBO financing

# Unhedged CDOs exposed to the US residential mortgage sector

in EUR m	CDO* Super senior tranches			
	Portfolio # 1	Portfolio # 2	Portfolio # 3	Portfolio # 4**
Gross exposure at 31/12/07 <sup>(1)</sup>	1,401	1,736	1,717	N/A
Gross exposure at 30/09/08 <sup>(1)</sup>	0	1,771	1,454	N/A
Gross exposure at 31/12/08 <sup>(1) (2)</sup>	0	1,818	1,431	1,810
Accounting portfolio 30/09/08	Trading	Trading	Trading	N/A
Accounting portfolio 31/12/08	N/A	L&R	Trading	L&R
Underlying	mezzanine	high grade	mezzanine	high grade
Attachment point at 30/09/08 <sup>(3)</sup>	N/A	5%	37%	14%
Attachment point at 31/12/08 <sup>(3)</sup>	N/A	3%	35%	14%
<b>At 31/12/08</b>				
% of underlying subprime assets	N/A	60%	73%	40%
o.w. 2005 and earlier	N/A	23%	60%	31%
o.w. 2006	N/A	23%	7%	6%
o.w. 2007	N/A	14%	6%	3%
% of Mid-prime and Alt-A underlying assets	N/A	7%	15%	29%
% of Prime underlying assets	N/A	16%	10%	31%
% of other underlying assets	N/A	16%	1%	0%
<b>Total impairment and write-downs booked in the income statement (o.w. Q4 08) <sup>(4)</sup></b>	<b>10</b> (o.w. 0 in Q4 08)	<b>-811</b> (o.w. +16 in Q4 08)	<b>-639</b> (o.w. -80 in Q4 08)	<b>-536</b> (o.w. +0 in Q4 08)
% of total CDO write-downs at 31/12/08	0%	46%	46%	30%
Net exposure at 31/12/08 <sup>(1)</sup>	0	1,007	792	1,274

\* Excluding CDOs of RMBS' (at 31/12/2008):

booked as trading:

- total nominal amount: EUR 210m,
- weighted attachment point: 23%
- residual risk after write-down: EUR 89m

booked as AFS after reintermediation (PACE, etc.):

- total nominal amount: EUR 158m,
- weighted attachment point: 8%
- residual risk after write-down: EUR 4m

booked as Loans & Receivables:

- total nominal amount: EUR 450m,
- weighted attachment point: 62%
- residual risk after write-down: EUR 411m

\*\* Portfolio created following commutation

(1) Exposure at closing price

(2) The changes in outstandings vs. 30/09/08 are due to the amortisations linked to early redemptions of underlying assets.

(3) The change in attachment points had the following effects:

- upside: early redemptions at par value
- downside: defaulting of some underlying assets

(4) Write-down variations at historical exchange rate for each quarter

# CDOs of RMBS': valuation assumptions and sensitivities and comparison with ABXs

## ■ Cumulative loss rate (trading portfolio)

▶ Subprimes	2005	2006	2007		
Assumptions for cumulative Q4 07 losses	9.0%	23.0%	25.0%		
Assumptions for cumulative Q3 08 losses	11.0%	25.0%	27.0%		
Assumptions for cumulative Q4 08 losses	11.0%	25.0%	27.0%	+10% cumulative losses for each year of production	⇒ -184

In EUR m

- ▶ Mid-primes and Alt-A: assumptions for losses amounting to  $\frac{2}{3}$  of the assumptions used for underlying subprime assets
- ▶ Primes: assumptions for losses amounting to 14% of the assumptions used for underlying subprime assets

## ■ 100% write-down of CDO-type underlying assets

## ■ Write-down rate: comparison with ABX indices

	2005 production	2006 and 2007 production	
		A and above	BBB & below
<b>Société Générale</b>	-44%	-84%	-99%
<b>ABX indices</b>	N/A	-93%	-97%

## ■ Assumptions for total losses for the US residential mortgage market

- ▶ End-March and end-June 2008: around USD 385bn
- ▶ End-September and end-December 2008: around USD 410bn

## Protection purchased to hedge exposures to CDOs and other assets

### ■ From monoline insurers

In M EUR	Gross notional amount of hedged instruments	Gross notional amount of protection purchased	At Dec 31st 2008	
			Fair value of hedged instruments	Fair value of protection before value adjustments
<b>Protection purchased from monolines</b>				
Against CDOs (US residential mortgage market) <sup>(a)</sup>	5,670 <sup>(1)</sup>	5,670	4,240	1,430
Against CDOs (excl. US residential mortgage market)	3,213	3,213	2,661	552
Against corporates credits (CLOs)	9,721	9,721	8,916	805
Against structured and infrastructure finance <sup>(b)</sup>	2,069	2,069	1,629	440
Other replacement risks				994
			<b>Total</b>	<b>4,221</b>

(1) o.w. EUR 3.4bn in underlying subprime assets  
(Vintage: 2007: 3%, 2006: 20%, 2005 and before: 77%)

(a) In Q4 08, EUR 2.3bn of protection was commuted

(b) In Q4 08, EUR 0.15bn of protection was commuted

### ■ From other counterparties

- ▶ Fair value of protection purchased from other large financial institutions (multiline insurers and international banks): EUR 248m mainly corresponding to corporate bonds and hedges of CDOs of structured RMBS' until the end of 2005.
- ▶ Other replacement risks: EUR 1.1bn purchased from CDPC after including a write-down of EUR 120m



## Protection purchased to hedge exposures to CDOs and other assets: valuation method

### ■ CDOs on the US residential mortgage market

- ▶ Application of the same methodologies and criteria as those used to value unhedged CDOs

### ■ Corporate loan CLOs

- ▶ Rating of tranches hedged by monolines: 97% AAA
- ▶ Distribution of underlying assets by rating: 1% BBB - 14% BB - 75% B - 9% CCC and below
- ▶ Cumulative loss rate over 5 years applied to underlying assets:
  - Rated on the most negative events observed over the last 30 years
  - According to underlying asset ratings: BBB: 5% - BB: 17% - B: 31% - CCC: 51% - below: 100%
- ▶ Weighted loss rate scenario for underlying assets: 31%
- ▶ Weighted attachment point: 28%
- ▶ Weighted write-down scenario of the SG portfolio: around 8%

### ■ Other assets (CDOs excluding US residential mortgage market, infrastructure finance and other structured assets)

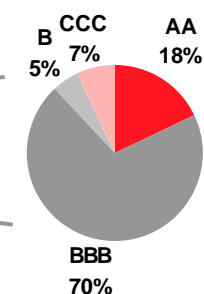
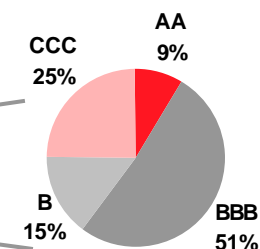
- ▶ Application of methods similar to those used for CLOs

**Liquidity add-on for all hedged assets, reflecting the changes in the indices or spreads**



## Exposure to counterparty risk on monoline insurers (a) Hedging of CDOs and other assets

EUR bn	Dec 31st 07	Sept 30th 08	Dec 31st 08
Fair value of protection before value adjustments	1.9	3.5	4.2
Nominal amount of hedges purchased*	-0.6	-0.9	-0.9
Fair value of protection net of hedges and before value adjustments	1.3	2.6	3.3
Value adjustments for credit risk on monolines (booked under protection)	-0.9	-1.7	-2.1
Residual exposure to counterparty risk on monolines	0.4	0.9	1.2
<b>Total fair value hedging rate</b>	<b>77%</b>	<b>73%</b>	<b>73%</b>



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

\* The nominal of hedges purchased from bank counterparties had a EUR +303m Mark to Market impact at December 31st 2008, which is neutralised in the income statement.

*The rating used is the lowest issued by Moody's or S&P (at Dec 31st 2008)*

AA: Assured Guaranty, FSA

BBB: Radian, MBIA, Ambac

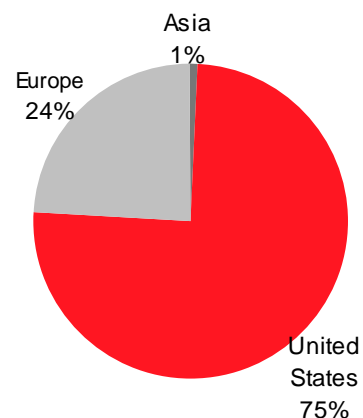
B: CIFG

CCC: FGIC, Syncora Guarantee (named XL Capital until August 2008)

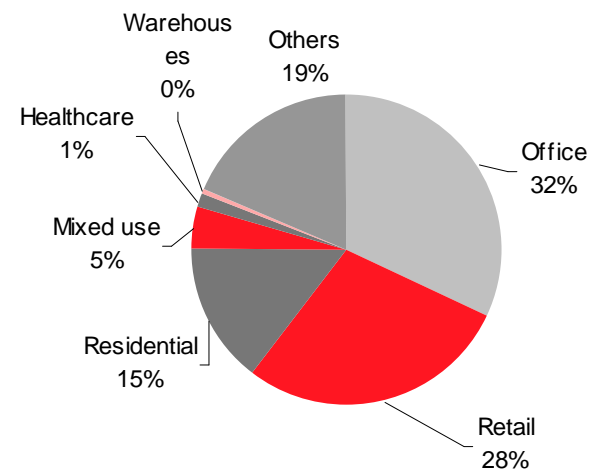
## Exposure to CMBS<sup>(a)</sup>

In EUR m	Sept 30th 2008	Q4 2008				Dec 31st 2008			
	Net exposure <sup>(1)</sup>	Application of IFRS amendments	Impact on Income Stat.	Impact on Equity	Other movements <sup>(3)</sup>	Net exposure <sup>(1)</sup>	Gross exposure <sup>(2)</sup>	%AAA*	% AA & A*
'Held for Trading' portfolio	935	- 523	- 115	-	- 33	263	507	9%	70%
'Available For Sale' portfolio	312	-	3	- 50	- 3	261	364	74%	22%
'Loans & Receivables' portfolio	-	7,103	71	-	- 49	7,124	7,589	96%	4%
<i>o.w. assets previously disclosed as "Exotic credit derivatives"</i>	-	6,469	68	-	- 46	6,491	6,830	99%	1%
'Held To Maturity' portfolio	61	-	0	-	- 6	55	63	73%	27%
<b>TOTAL</b>	<b>1,308</b>	<b>6,579</b>	<b>- 42</b>	<b>- 50</b>	<b>- 91</b>	<b>7,705</b>	<b>8,522</b>	<b>89%</b>	<b>9%</b>

### Breakdown of underlying assets\*



### Sector breakdown\*



(a) Trading portfolio excluding residual "exotic credit portfolio" on page 13

\* As a % of remaining capital

(1) Net of hedging and impairments

(2) Remaining capital of assets before hedging

(3) Mainly includes disposals during the quarter, foreign exchange effects and specific reserves booked at 31/12/2008



# Exposure to US residential mortgage market: residential loans and RMBS'

■ Société Générale has no residential mortgage loan origination activity in the United States

■ US RMBS'(a)

In EUR m	Sept 30th 2008	Q4 08				Dec 31st 2008			
	Exposition nette <sup>(1)</sup>	Impact of IFRS adjustments	Impact on Income Stat.	Impact on Equity	Other movements <sup>(3)</sup>	Net exposure <sup>(1)</sup>	Gross exposure <sup>(2)</sup>	%AAA*	% AA & A*
'Held For Trading' portfolio	72	-	- 13	-	- 55	4	463	20%	12%
'Available For Sale' portfolio	515	-	6	- 152	7	376	761	24%	20%
'Loans & Receivables' portfolio	-	723	14	-	- 33	704	809	81%	13%
<i>o.w. assets previously disclosed as "Exotic credit derivatives"</i>	-	723	14	-	- 33	704	809	81%	13%
<b>TOTAL</b>	<b>587</b>	<b>723</b>	<b>7</b>	<b>- 152</b>	<b>- 80</b>	<b>1,085</b>	<b>2,033</b>	<b>46%</b>	<b>15%</b>

(a) Trading portfolio excluding residual "exotic credit portfolio" on page 13

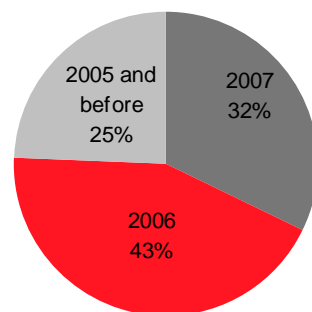
\* As a % of remaining capital

(1) Net of hedging and impairments

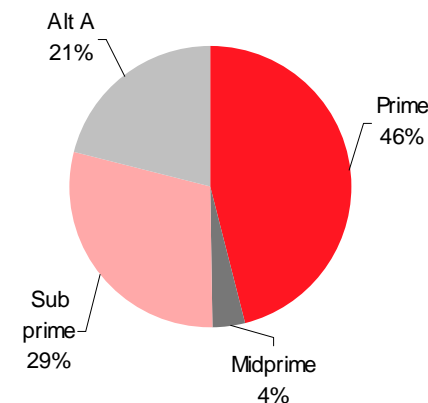
(2) Remaining capital of assets before hedging

(3) Mainly includes disposals during the quarter, foreign exchange effects and specific reserves booked at 31/12/2008

Breakdown of subprime assets by vintage\*



Breakdown of RMBS portfolio by type\*



NB: Société Générale has a portfolio of mid-prime loans purchased from an originator who defaulted (EUR 291m in the banking book net of write-downs)

## Exposure to residential mortgage markets in Spain and the UK

■ Société Générale has no residential mortgage loan origination activity in Spain or the UK

### ■ Spain RMBS<sup>'(a)</sup>

In EUR m	Sept 30th 2008	Q4 08				Dec 31st 2008			
	Net exposure <sup>(1)</sup>	Impact of IFRS adjustments	Impact on Income Stat.	Impact on Equity	Other movements <sup>(3)</sup>	Net exposure <sup>(1)</sup>	Gross exposure <sup>(2)</sup>	%AAA*	% AA & A*
'Held for Trading' portfolio	331	- 176	- 47	-	- 1	107	232	46%	31%
'Available For Sale' portfolio	191	-	2	- 23	- 6	163	215	91%	6%
'Loans & Receivables' portfolio	-	350	2	-	- 6	346	393	83%	17%
<i>o.w. assets previously disclosed as "Exotic credit derivatives"</i>	-	166	1	-	- 2	165	185	80%	20%
'Held To Maturity' portfolio	23	-	- 0	-	- 6	17	17	61%	39%
<b>TOTAL</b>	<b>545</b>	<b>174</b>	<b>- 44</b>	<b>- 23</b>	<b>- 18</b>	<b>633</b>	<b>857</b>	<b>74%</b>	<b>18%</b>

### ■ UK RMBS<sup>'(a)</sup>

In EUR m	Sept 30th 2008	Q4 08				Dec 31st 2008			
	Exposition nette <sup>(1)</sup>	Impact of IFRS adjustments	Impact on Income Stat.	Impact on Equity	Other movements <sup>(3)</sup>	Net exposure <sup>(1)</sup>	Gross exposure <sup>(2)</sup>	%AAA*	% AA & A*
'Held for Trading' portfolio	318	- 57	- 140	-	- 52	70	359	15%	77%
'Available For Sale' portfolio	149	-	1	- 60	- 7	83	190	52%	35%
'Loans & Receivables' portfolio	-	156	4	-	- 17	143	160	99%	1%
<i>o.w. assets previously disclosed as "Exotic credit derivatives"</i>	-	100	3	-	- 10	92	105	100%	0%
'Held To Maturity' portfolio	20	-	0	-	- 3	17	18	5%	95%
<b>TOTAL</b>	<b>487</b>	<b>100</b>	<b>- 135</b>	<b>- 60</b>	<b>- 79</b>	<b>313</b>	<b>726</b>	<b>43%</b>	<b>50%</b>

(a) Trading portfolio excluding residual "exotic credit portfolio" on page13

(1) Net of hedging and impairments

(2) Remaining capital of assets before hedging

(3) Mainly includes disposals during the quarter, foreign exchange effects and specific reserves booked at 31/12/2008

\* As a % of remaining capital

## Commercial conduits (1/2)

### ■ Description of 5 commercial conduits sponsored by Société Générale by type of asset\*

In EUR m	Asset total	Nationality of assets	Breakdown of assets							Contractual maturity of assets			Amount of CP issued	Rating of CP issued
			Auto loans	Trade receivables	Consumer loans	Equipment loans	Other loans	RMBS	CMBS (AAA)	0-6 months	6-12 months	> 12 months		
<b>ANTALIS (France)</b>	4,218	Europe <sup>(1)</sup>	16%	78%	0%	0%	1%	0%	4%	78%	0%	22%	4,128	P-1 - A1+
<b>BARTON (United States)</b>	9,078	US <sup>(95%)</sup> Switzerland <sup>(5%)</sup>	39%	9%	29%	8%	16%	0%	0%	9%	17%	75%	9,154	P-1 - A1+
<b>ACE Canada (Canada)</b>	225	Canada	100%	0%	0%	0%	0%	0%	0%	0%	0%	100%	198	not rated
<b>ACE AUSTRALIA (Australia)</b>	1,089	Australia	0%	0%	0%	0%	10%	90% (2)	0%	0%	0%	100%	982	P-1 - A1+
<b>HOMES (Australia)</b>	1,372	Australia	0%	0%	0%	0%	0%	100% (3)	0%	0%	0%	100%	1,379	P-1 - A1+
<b>TOTAL</b>	<b>15,982</b>		<b>28%</b>	<b>25%</b>	<b>16%</b>	<b>4%</b>	<b>10%</b>	<b>15%</b>	<b>1%</b>	<b>25%</b>	<b>9%</b>	<b>65%</b>	<b>15,841</b>	

(1) Conduit country of issuance

(1) 39% France, 20% Italy, 16% Germany, 12% UK, 8% Spain, 4% Netherlands, 1% Others

(2) 87% AAA - 2% AA - 1% AA- - 10% BBB-

(3) 96% AAA - 1% AA - 3% AA -

\* Closure of Asset One on October 6th 2008 on the decision of the managing member

NB: the RMBS' of conduits are rated, while the other underlying assets are retail assets with no external rating.

## Commercial conduits <sup>(2/2)</sup>

### ■ Société Générale's exposure at December 31st 2008 as a sponsor of these conduits <sup>(1)</sup>

In EUR m	Available liquidity line granted by Société Générale	Letter of credit granted by Société Générale	Commercial paper held by Société Générale
ANTALIS (France)	5,279	433	0
BARTON (United States)	10,765	216	0
ACE Canada (Canada)	83	0	0
ACE AUSTRALIA (Australia)	1,018	27	297
HOMES (Australia)	1,427	34	412
<b>TOTAL</b>	<b>18,572</b>	<b>710</b>	<b>709</b>

### ■ Conduits sponsored by third parties <sup>(1)</sup>

- ▶ Total available liquidity lines: EUR 0.7bn via 6 conduits
- ▶ Total Commercial Papers purchased: EUR 0.2bn

(1) No liquidity lines granted by Société Générale were drawn down in Q4 08

## Exotic credit derivatives

- **Business portfolio linked to client-driven activity**
  - ▶ Securities indexed on ABS credit portfolios marketed to investors
  - ▶ Hedging of credit protection generated in SG's accounts by the purchase of the underlying ABS portfolio and the sale of indices
  - ▶ Dynamic hedge management based on changes in credit spreads by adjusting the portfolio of ABS' held, positions on indices and the marketed securities
  
- **Net position as 5-yr equivalent: EUR -2.8bn**
  - ▶ EUR 4.1bn of securities disposed of in 2008
  - ▶ EUR 7.7bn of securities transferred into 'Loans and Receivables' portfolio
  - ▶ 81% of residual portfolio made up of A-rated securities and above
  
- **Specific reserve for this activity: EUR 0.8m**

### Net exposure as 5-yr risk equivalent (in EUR m)

In EUR m	Sept 30th 2008	Dec 31st 2008
<b>American ABS'</b>	<b>-1,347</b>	<b>-3,028</b>
RMBS' <sup>(1)</sup>	-188	-378
o.w. Prime	204	151
o.w. Midprime	477	390
o.w. Subprime	-869	-919
CMBS' <sup>(2)</sup>	-1,345	-2,825
Others	186	175
<b>European ABS'</b>	<b>875</b>	<b>272</b>
RMBS' <sup>(3)</sup>	375	236
o.w. UK	151	239
o.w. Spain	148	-1
o.w. others	76	-2
CMBS' <sup>(4)</sup>	367	16
Others	133	20
<b>Total</b>	<b>-472</b>	<b>-2,756</b>

(1) Net exposure corresponding to delta exposure of a hedged underlying portfolio of EUR 3.2bn o.w. EUR 0.8bn Prime, EUR 1.7bn Midprime and EUR 0.6bn Subprime

(2) Net exposure corresponding to delta exposure of a hedged underlying portfolio of EUR 5bn

(3) Net exposure corresponding to delta exposure of a hedged underlying portfolio of EUR 0.4bn o.w. EUR 0.3bn in the UK

(4) Net exposure corresponding to delta exposure of a hedged underlying portfolio of EUR 51m

## Portfolio of assets bought back from SGAM

- Excluding RMBS' in the UK and Spain, and CMBS' included in the aforementioned exposures (pages 8, 9 and 10)

In EUR m	'Held For Trading' portfolio				'Available For Sale' portfolio			
	Sept 30th, 08	Dec 31st, 08	% AAA*	% AA & A*	Sept 30th, 08	Dec 31st, 08	% AAA*	% AA & A*
Banking and Corporate bonds	1,264	470	0%	9%				
Other RMBS	431	98	17%	43%	367	303	82%	15%
Other ABS	353	63	0%	51%	354	295	73%	23%
CDO	346	154	33%	43%	285	215	70%	27%
CLO	757	362	21%	56%	542	463	68%	30%
Other	50	27	0%	5%				
<b>Total</b>	<b>3,200</b>	<b>1,174</b>			<b>1,549</b>	<b>1,277</b>		

In EUR m	'Loans & Receivables' portfolio				'Held To Maturity' portfolio			
	Sept 30th, 08	Dec 31st, 08	% AAA*	% AA & A*	Sept 30th, 08	Dec 31st, 08	% AAA*	% AA & A*
Banking and Corporate bonds	-	321	4%	60%				
Other RMBS	-	267	89%	11%	45	42	85%	15%
Other ABS	-	193	58%	36%	129	114	95%	5%
CDO	-	64	90%	10%	53	53	69%	12%
CLO	-	186	71%	29%	105	89	61%	39%
<b>Total</b>	<b>-</b>	<b>1,032</b>			<b>332</b>	<b>298</b>		

- No new asset purchases in Q4 08

\* Calculation based on the remaining capital due

## Exposure to LBO financing (total final take and for sale) (1/2)

In EUR bn	Corporate and Investment Banking		French Networks	
	Sept 30th 08	Dec 31st 08	Sept 30th 08	Dec 31st 08
<b>Final take</b>				
<i>Number of accounts</i>	108	137	57	57
<b>Commitments</b>	2.8	3.9	1,7*	1,7*
<b>Units for sale</b>				
<i>Number of accounts</i>	14	0	6	2
<b>Commitments</b>	1.2	0.0	0.1	0.0
<b>Total</b>	<b>4.0</b>	<b>3.9</b>	<b>1.8</b>	<b>1.7</b>

\* After including operating loans of businesses acquired

### ■ Corporate and Investment Banking

- ▶ Portfolio-based provision for final take at December 31st 2008: EUR 110m
- ▶ Provisions specific to LBO accounts: EUR 90m
- ▶ Write-down of 13 accounts (EUR 0.9bn) transferred into the 'Loans and Receivables' portfolio: EUR 61m

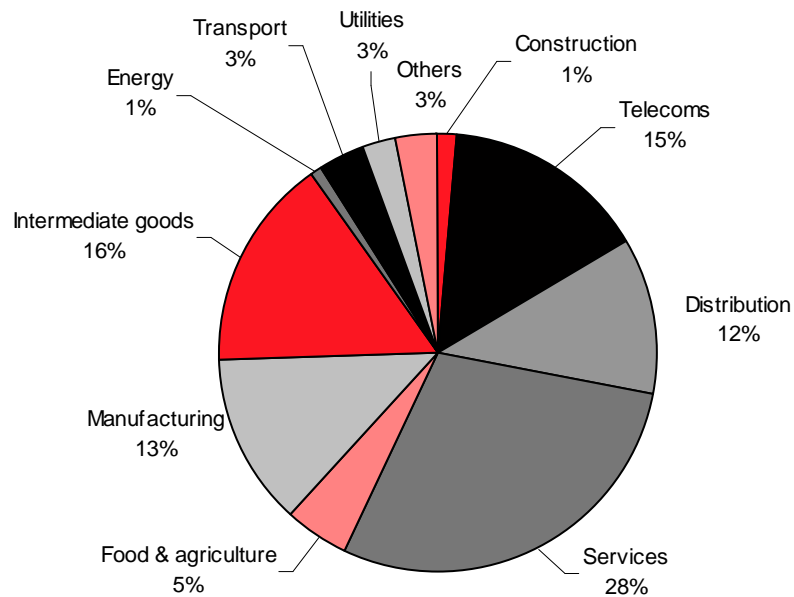




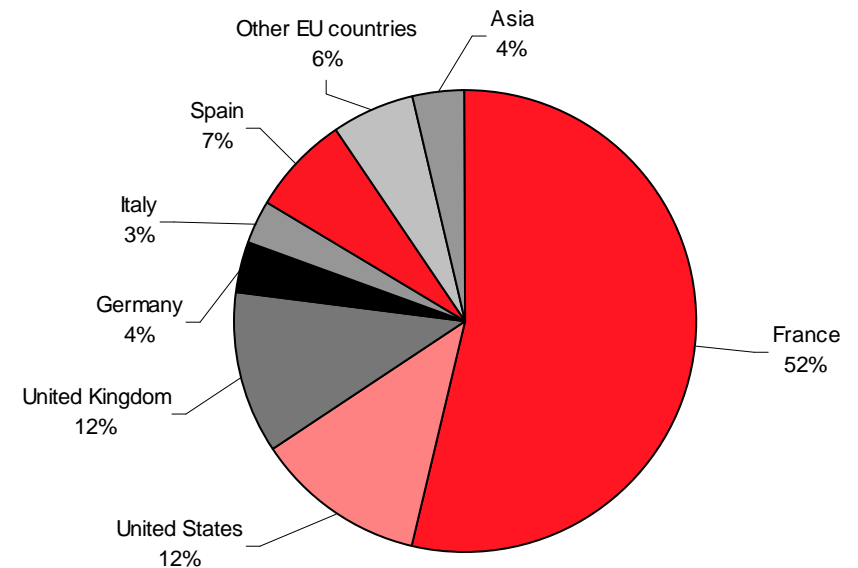
## Exposure to LBO financing (total final take and for sale) (2/2)

**EUR 5.6bn**

Sector breakdown



Geographic breakdown





**SOCIETE  
GENERALE**

**Investor Relations**

Patrick SOMMELET, Louise DE L'ESTANG, Stéphane MARTY, Nathalie SAND

**Tel.: +33 (0)1 42 14 47 72**

**E-mail: [investor.relations@socgen.com](mailto:investor.relations@socgen.com) - Internet: [www.investor.socgen.com](http://www.investor.socgen.com)**