



# **SOCIETE GENERALE**

## **SPECIFIC FINANCIAL INFORMATION**

2<sup>nd</sup> QUARTER AND 1<sup>st</sup> HALF 2011

3 AUGUST 2011

BUILDING TOGETHER  
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## UNHEDGED CDOs EXPOSED TO THE US RESIDENTIAL MORTGAGE SECTOR

In EUR bn	CDO Super senior & senior tranches	
	L&R Portfolios	Trading Portfolios
Gross exposure at March 31, 2011 (1)	5.27	3.05
Gross exposure at June 30, 2011 (1) (2)	5.15	2.45
Underlying	high grade / mezzanine (4)	high grade / mezzanine (4)
Attachment point at March 31, 2011	12%	6%
Attachment point at June 30, 2011 (3)	12%	5%
<b>At June 30, 2011</b>		
% of underlying subprime assets	45%	62%
o.w. 2004 and earlier	6%	23%
o.w. 2005	29%	33%
o.w. 2006	7%	1%
o.w. 2007	3%	4%
% of Mid-prime and Alt-A underlying assets	10%	6%
% of Prime underlying assets	15%	12%
% of other underlying assets	30%	19%
<b>Total impairments &amp; write-downs (Flow in Q2 11)</b>	<b>-1.75</b> <i>(o.w. 0 in Q2 11)</i>	<b>-1.88</b> <i>(o.w. -0.07 in Q2 11)</i>
<b>Total provisions for credit risk (Flow in Q2 11)</b>	<b>-1.70</b> <i>(o.w. -0.1 in Q2 11)</i>	<b>—</b>
% of total CDO write-downs at June 30, 2011	67%	77%
<b>Net exposure at June 30, 2011 (1)</b>	<b>1.70</b>	<b>0.57</b>

As the exposures classified as AFS (gross exposures of EUR 0.01bn) have been fully written down in cost of risk, they are no longer included in the reporting.

(1) Exposure at closing price

(2) The fall in L&R outstandings vs. 30/03/11 is mainly due to the foreign exchange effect. The fall in Trading outstandings, in addition to the foreign exchange effect, is mainly due to the removal from the scope of two CDOs that were dismantled.

(3) The change in attachment points results:

- upwards: from early redemptions at par value
- downwards: from defaults of some underlying assets

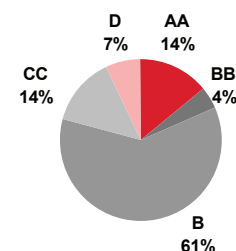
(4) 29% of the gross exposure classified as L&R and 50% of the gross exposure classified as trading relates to mezzanine underlying assets.

## PROTECTION PURCHASED TO HEDGE EXPOSURES TO CDOs AND OTHER ASSETS

### ■ From monoline insurers

In EUR bn	March 31, 2011	June 30, 2011			
	Fair value of protection before value adjustments	Fair value of protection before value adjustments	Fair value of hedged instruments	Gross notional amount of hedged instruments	Gross notional amount of protection purchased
<b>Protection purchased from monolines</b>					
against CDOs (US residential mortgage market)	1.04	0.98	0.59	1.57	1.57
against CDOs (excl. US residential mortgage market)	0.22	0.28	1.30	1.58	1.58
against corporate credits (CLOs)	0.20	0.32	5.86	6.18	6.18
against structured and infrastructure finance	0.19	0.19	1.16	1.38	1.29
Other replacement risks	0.21	0.22			
<b>Fair value of protection net of hedges and before value adjustments</b>	<b>1.86</b>	<b>1.99</b>			
Nominal amount of hedges purchased	-0.97	-1.10			
Fair value of protection net of hedges and before value adjustments	0.89	0.89			
Value adjustments for credit risk on monolines (booked under protection)	-0.60	-0.59			
<b>Residual exposure to counterparty risk on monolines</b>	<b>0.29</b>	<b>0.30</b>			
<b>Total fair value hedging rate</b>	<b>84%</b>	<b>85%</b>			

Fair value of protection before value adjustments at June 30, 2011



Lowest rating given by Moody's or S&P at June 30, 2011

AA : Assured Guaranty  
 BB : Radian, Syncora Capital Assurance  
 B : MBIA  
 CC : CIFG  
 D : Ambac

- The Corporate Credit CLOs have been priced to market at Q2 11

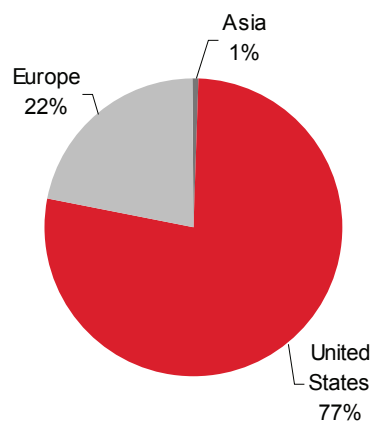
### ■ From other counterparties

- Fair value of protection purchased from other large financial institutions (multiline insurers and international banks): EUR 0.08bn mainly corresponding to corporate bonds and hedges of CDOs of structured RMBS' until the end of 2005.
- Other replacement risks (CDPCs): net residual exposure: EUR 0.08bn (for a nominal amount of EUR 2.82bn after taking into value adjustments for credit risk for EUR 0.01bn)

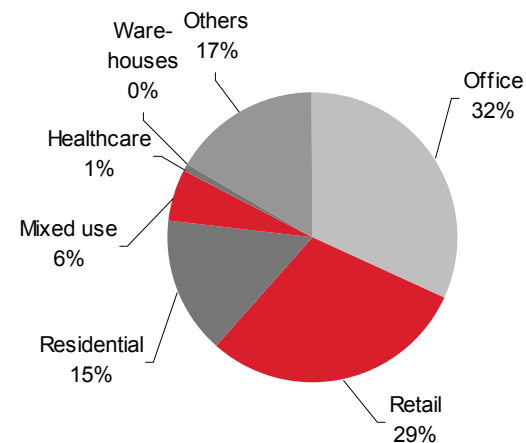
## EXPOSURE TO CMBS<sup>(1)</sup>

In EUR bn	Mar. 31, 2011	June 30, 2011				Q2 11			
	Net exposure (2)	Net exposure (2)	Gross exposure (3)		%AAA (4)	%AA & A (4)	Net Banking Income	Cost of Risk	OCI
			Amount	% net exposure					
'Held for Trading' portfolio	0.09	0.20	0.29	69%	23%	20%	- 0.00	-	-
'Available For Sale' portfolio	0.16	0.18	0.24	72%	8%	45%	0.00	-	- 0.00
'Loans & Receivables' portfolio	5.78	5.47	5.92	92%	56%	33%	0.07	- 0.02	-
'Held To Maturity' portfolio	0.04	0.04	0.04	96%	32%	48%	-	-	-
<b>TOTAL</b>	<b>6.07</b>	<b>5.89</b>	<b>6.51</b>	<b>91%</b>	<b>53%</b>	<b>33%</b>	<b>0.07</b>	<b>- 0.02</b>	<b>- 0.00</b>

Geographic breakdown<sup>(4)</sup>



Sector breakdown<sup>(4)</sup>



(1) Excluding "exotic credit derivative portfolio" presented below

(2) Net of hedging and impairments

(3) Remaining capital of assets before hedging

(4) As a % of remaining capital

## EXPOSURE TO US RESIDENTIAL MORTGAGE MARKET: RESIDENTIAL LOANS AND RMBS

- Societe Generale has no residential mortgage loan origination activity in the US
- US RMBS<sup>(1)</sup>

In EUR bn	Mar. 31, 2011	June 30, 2011				Q2 11			
	Net exposure (2)	Net exposure (2)	Gross exposure (3)		%AAA (4)	%AA & A (4)	Net Banking Income	Cost of Risk	OCI
			Amount	% net exposure					
'Held for Trading' portfolio	-	0.10	0.15	66%	100%	0%	- 0.00	-	-
'Available For Sale' portfolio	0.53	0.80	1.68	48%	2%	9%	0.01	- 0.01	- 0.03
'Loans & Receivables' portfolio	0.48	0.45	0.54	84%	4%	11%	0.00	- 0.00	-
<b>TOTAL</b>	<b>1.01</b>	<b>1.36</b>	<b>2.36</b>	<b>57%</b>	<b>9%</b>	<b>9%</b>	<b>0.01</b>	<b>- 0.01</b>	<b>- 0.03</b>

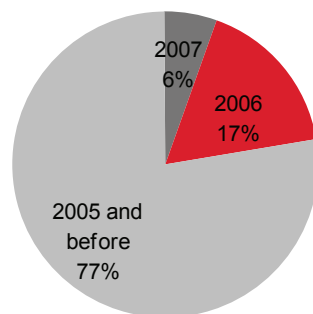
(1) Excluding "exotic credit derivative portfolio" presented below

(2) Net of hedging and impairments

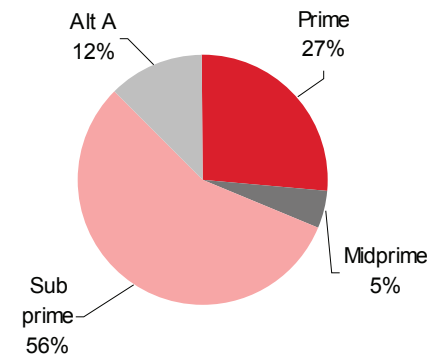
(3) Remaining capital of assets before hedging

(4) As a % of remaining capital

**Breakdown of subprime assets by vintage<sup>(4)</sup>**



**Breakdown of RMBS portfolio by type<sup>(4)</sup>**



NB: Societe Generale has a portfolio of mid-prime loans purchased from an originator that defaulted (EUR 0.16bn in the banking book net of write-downs)

## EXPOSURE TO RESIDENTIAL MORTGAGE MARKETS IN SPAIN AND THE UK

- Societe Generale has no origination activity in Spain or the UK
- RMBS in Spain<sup>(1)</sup>

In EUR bn	Mar. 31, 2011	June 30, 2011					Q2 11		
	Net exposure (2)	Net exposure (2)	Gross exposure (3)		%AAA (4)	%AA & A (4)	Net Banking Income	Cost of Risk	OCI
			Amount	% net exposure					
'Held for Trading' portfolio	0.01	0.01	0.02	33%	60%	0%	- 0.00	-	-
'Available For Sale' portfolio	0.10	0.09	0.15	62%	21%	59%	-	-	- 0.01
'Loans & Receivables' portfolio	0.23	0.21	0.26	84%	13%	83%	0.00	-	-
'Held To Maturity' portfolio	0.01	0.01	0.01	100%	0%	0%	-	-	-
<b>TOTAL</b>	<b>0.34</b>	<b>0.32</b>	<b>0.44</b>	<b>73%</b>	<b>18%</b>	<b>69%</b>	<b>- 0.00</b>	<b>-</b>	<b>- 0.01</b>

- RMBS in the UK<sup>(1)</sup>

In EUR bn	Mar. 31, 2011	June 30, 2011					Q2 11		
	Net exposure (2)	Net exposure (2)	Gross exposure (3)		%AAA (4)	%AA & A (4)	Net Banking Income	Cost of Risk	OCI
			Amount	% net exposure					
'Held for Trading' portfolio	0.05	0.08	0.11	74%	14%	74%	- 0.01	-	-
'Available For Sale' portfolio	0.08	0.08	0.12	65%	18%	61%	-	-	-
'Loans & Receivables' portfolio	0.07	0.07	0.08	88%	89%	11%	-	-	-
'Held To Maturity' portfolio	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>0.20</b>	<b>0.23</b>	<b>0.31</b>	<b>74%</b>	<b>34%</b>	<b>53%</b>	<b>- 0.01</b>	<b>-</b>	<b>-</b>

(1) Excluding "exotic credit derivative portfolio" presented below

(2) Net of hedging and impairments

(3) Remaining capital of assets before hedging

(4) As a % of remaining capital

## 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 -266m
  - EUR 0.3bn of securities sold in Q2 11
  - Partial inclusion of monoline hedges (46%) following the downgrade of the monolines' credit ratings (stable vs. Q1 11)
  - 33% of residual portfolio made up of A-rated securities and above

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

In EUR m	Mar. 31, 2011	Jun. 30, 2011
<b>US ABS'</b>	<b>-52</b>	<b>-266</b>
RMBS' (1)	15	-3
o.w. Prime	-12	-7
o.w. Midprime	-26	-24
o.w. Subprime	53	28
CMBS' (2)	-141	-321
Others	74	58
<b>European ABS'</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>-52</b>	<b>-266</b>

(1) Net exposure corresponding to delta exposure of a hedged underlying portfolio of EUR 22m, o.w. EUR 0m Prime, EUR 6m Midprime and EUR 15m Subprime

(2) Net exposure corresponding to delta exposure of a hedged underlying portfolio of EUR 0.4bn



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