

June 2011



Société Générale SCF

A Leading Player in the Covered Bond Market





Disclaimer

The following presentation contains a number of forward-looking statements relating to Société Générale's targets and strategy. These forecasts are based on a series of assumptions, both general and specific. As a result, there is a risk that these projections will not be met. Readers are therefore advised not to rely on these figures more than is justified as the Group's future results are liable to be affected by a number of factors and may therefore differ from current estimates. Readers should take into account elements of uncertainty and risk when basing their investment decisions on information provided in this presentation.

The Group's consolidated financial statements were examined by the Board of Directors on the 4th of May 2011.

Unless otherwise specified, the sources for the business rankings are internal.

- **Executive summary**
- SG Société de Crédit Foncier overview
- Key Features

Executive Summary

- **SG Société de Crédit Foncier (SG SCF) is a specialised credit institution governed by a specific law which was authorized by the CECEI in October 2007**
- **The purpose of SG SCF is to issue Obligations Foncières (OF):**
 - ▶ The SG SCF Obligations Foncières Program has a total size of € 15 bn.
 - ▶ SG SCF Obligations Foncières are rated AAA/Aaa/AAA by S&P/Moody's/Fitch. SG SCF's high quality ratings reflect the benefit of the various risk mitigants built into the institution by law, by over-collateralization and by self-imposed measures
- **With the creation of SG Société de Crédit Foncier (SG SCF), Société Générale pursues its strategy of diversification of funding resources**

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 - ▶ SG French Public Sector Loans Portfolio
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Obligations Foncières: Highest level of investor protection

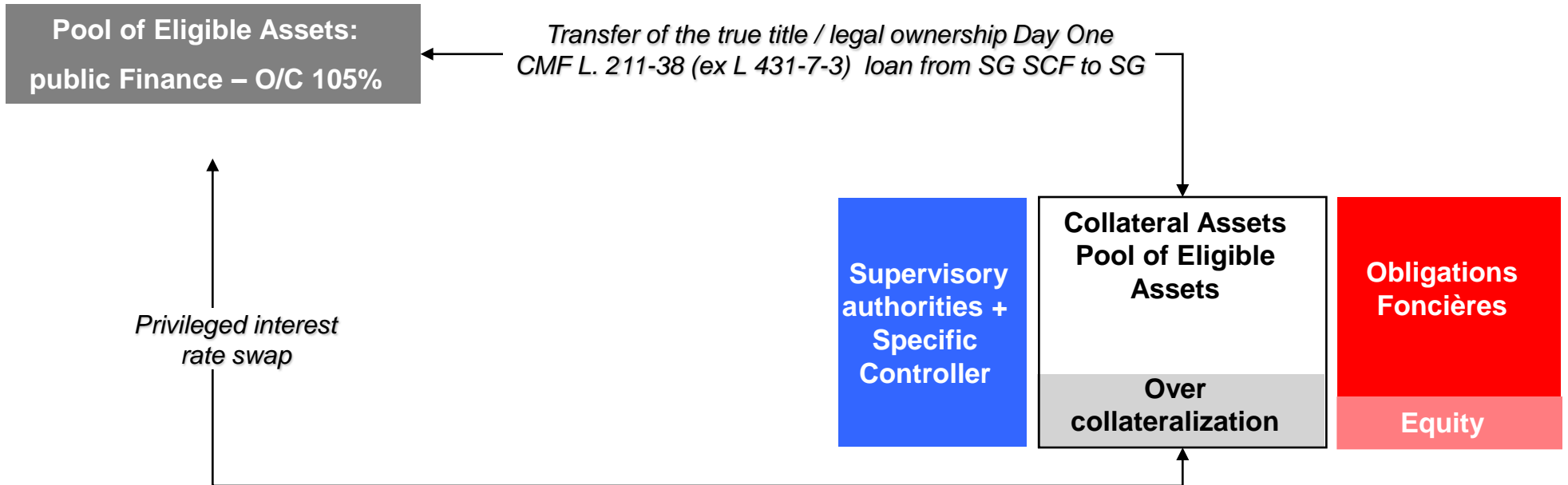
- A legal privilege organized and protected by law that supersedes the French bankruptcy law
- Asset monitoring by law: the “Specific Controller”, an independent trustee reporting to the Autorité de Contrôle Prudentiel and protecting the interest of OF holders
- Privileged Regulatory Treatment resulting from compliance with the provision 22 (4) of UCITS EU directive 1985
- Satisfactory levels of over collateralization to protect OF credit quality consistent with the highest ratings

SG Société de Crédit Foncier

- **SG SCF is a specialized credit institution governed by a specific law***
 - ▶ The creation was agreed by the Group's Finance Committee in March 2007 and has been authorized by the CECEI in October 2007
- **SG SCF is issuing Obligations Foncières backed on:**
 - ▶ Exposures to eligible public sector entities
- **SG SCF's high quality ratings reflect the benefit of the various risk mitigants built into the institution by law, by over collateralization and by self-imposed measures**
- **The additional self-imposed restrictions adopted by the SG SCF create negligible levels of residual risk and protect asset cash flows for the benefit of the covered bond holders**

*Articles L.515-13 and ff. of the French Monetary and Financial Code

Structure diagram



SG SCF Asset selection process

■ Stringent selection based on a multi-step process

- ▶ Law firm certifies eligibility of each asset class to be refinanced
- ▶ Specific Controller performs ex ante his due diligence on the proposed collateral assets pools
- ▶ SCF's Credit Committee validates new types of assets

■ Cover Assets are limited by law

- ▶ Public exposure defined as loans to, or guaranteed, by a Public person

SG SCF: Rigorous risk management

Credit Risk on Assets

- ▶ Eligible assets restricted by law to a narrow range of high quality assets
- ▶ Cover assets come from SG group entities (eg. only self-originated Public entities loans)
- ▶ Eligibility is verified at two levels (reputable law firm and Specific Controller)

Credit Risk on Bank Counterparties

- ▶ All hedging counterparties must meet a minimum rating requirement as per rating agencies public methodologies

Interest and currency Risk

- ▶ Interest rate swaps are used with the objective of neutralising interest rate risk as much as possible
- ▶ In line with SG Group's management policy, all assets and liabilities originally in foreign currency are swapped for Euros at inception

Liquidity Risk

- ▶ Liquidity facility of EUR 750 millions fully drawable upon rating trigger
- ▶ SG SCF has the capacity to access ECB refinancing: 88% of the cover pool (or EUR 7.3 bn after haircut) is eligible as collateral to ECB facilities
- ▶ Replacement securities as defined by the SCF law and up to a max. of 15% of total privileged resources

Monitoring and supervision

- **Specific Controller required by law to ensure permanent and proper supervision over the assets refinanced through OF issuance (Art. L515-30 of the Code Monétaire et Financier)**
 - ▶ Specific Controller certifies the quarterly issuance provisional program (Art. R515-13 IV of the Code Monétaire et Financier)
 - ▶ Specific Controller has to issue a specific report for each issuance in excess of 500 MEUR (Art. R515-13 IV of the Code Monétaire et Financier)
 - ▶ ACP is provided twice a year with the detail of the assets that are refinanced through OF issuance (Instruction 2011-I-06)

- **Up-to-date specific cover pool register compulsorily available to the specific controller**
 - ▶ Article R515-14: All Sociétés de Crédit Foncier have to maintain an up-to-date special report of all the loans they have signed or agreed upon. They have to report on the nature and value of guarantees offered as well as the nature and value of the preferred debt

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Cover Pool as at 30/06/2011

- Cover pool : 1, 388 loans to French (89.7% of the cover pool), Spanish (1.9%) and Belgian (1.1%) Local Governments or exposures on the US Sovereign (1.4%) or other sovereigns (3.4%) and supranational (2.5%) exposures for a total amount of EUR 11.749 Bn
- Nominal Overcollateralisation: 18.3%
- Exposures geared towards highly rated regions of France: Rhône Alpes and Ile de France both rated AAA representing almost 34% of the pool
- Well balanced between Municipalities, Departments, Regions, Hospitals
- No delinquencies

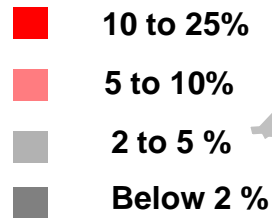
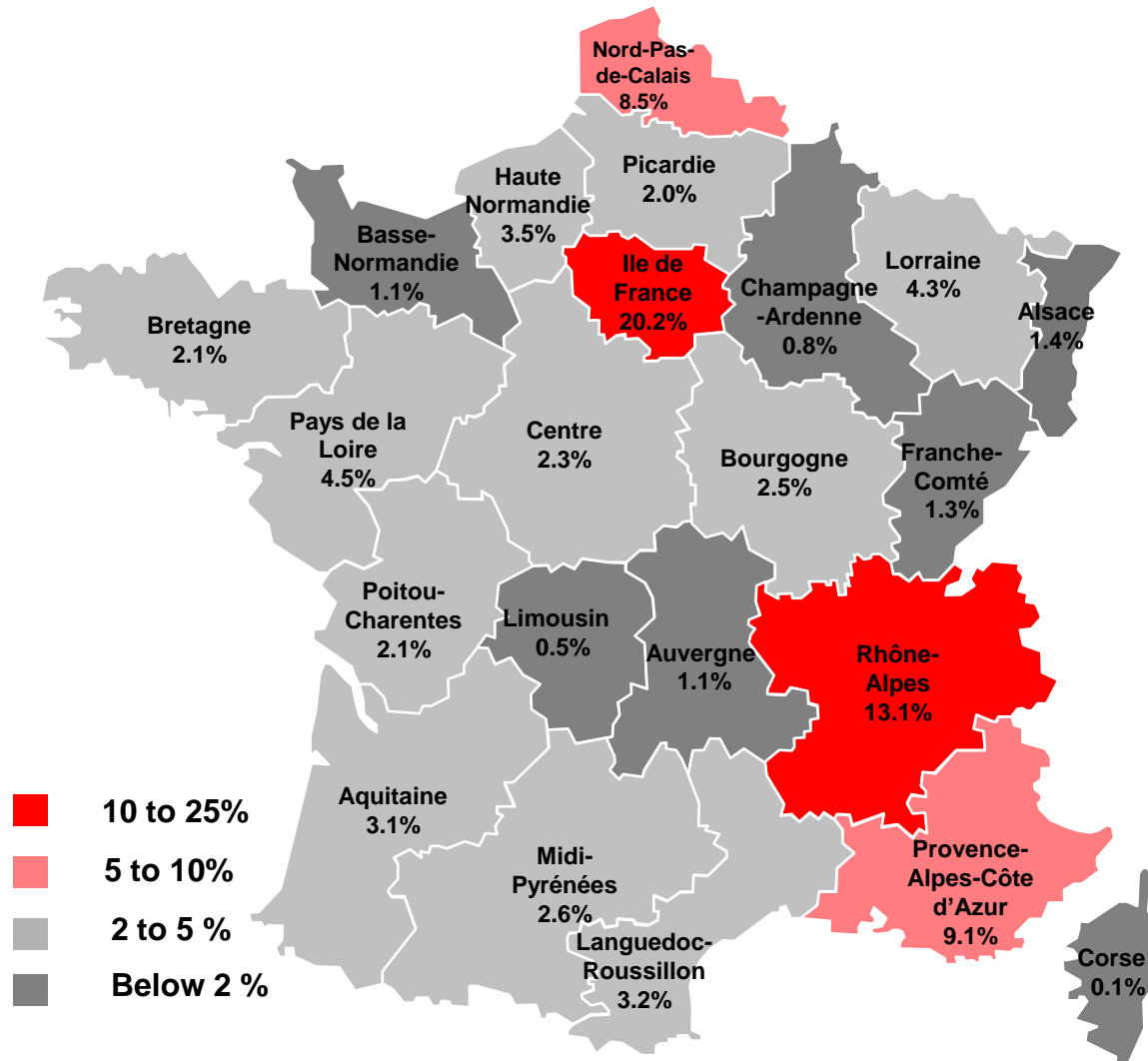
Cover pool as at 30/06/2011: Exposures on Local governments from wealthiest French regions dominate

■ The wealthiest French Regions dominate the cover pool

- ▶ The Ile de France (20.2%) and Rhône-Alpes (13.1%) are the main contributors in the cover pool
- ▶ The public sector cover pool is granular with all the French regions represented: highest French exposure is 2.3%, concentration top 20 borrowers is 32%

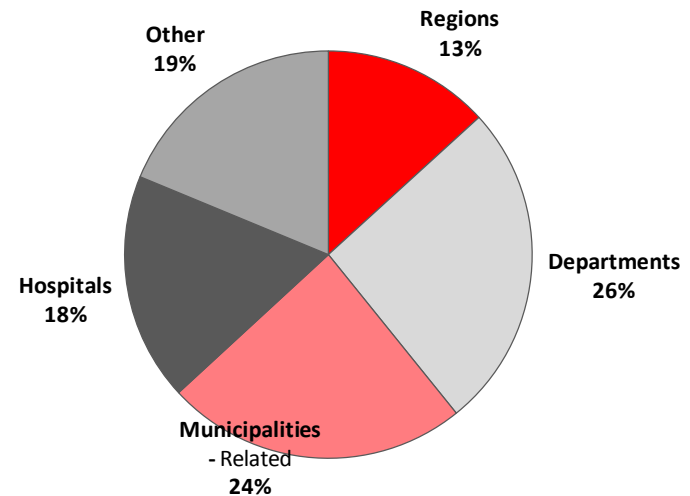
■ Non-French assets have been introduced in the cover pool from July 2010

- ▶ Loans to Spanish and Belgian local governments and exposures guaranteed by the US Sovereign, Other countries Sovereigns and Supranational Institutions represent 10.3 % of the cover pool as on end of June 2011. The highest non-French exposure is 3.4%



Cover pool as at 30/06/2011: well diversified by asset type

- Bulk of exposure towards well known French local authorities
- French health sector enjoys strong legal support (BIS weighting 0% as per French regulator regulations)



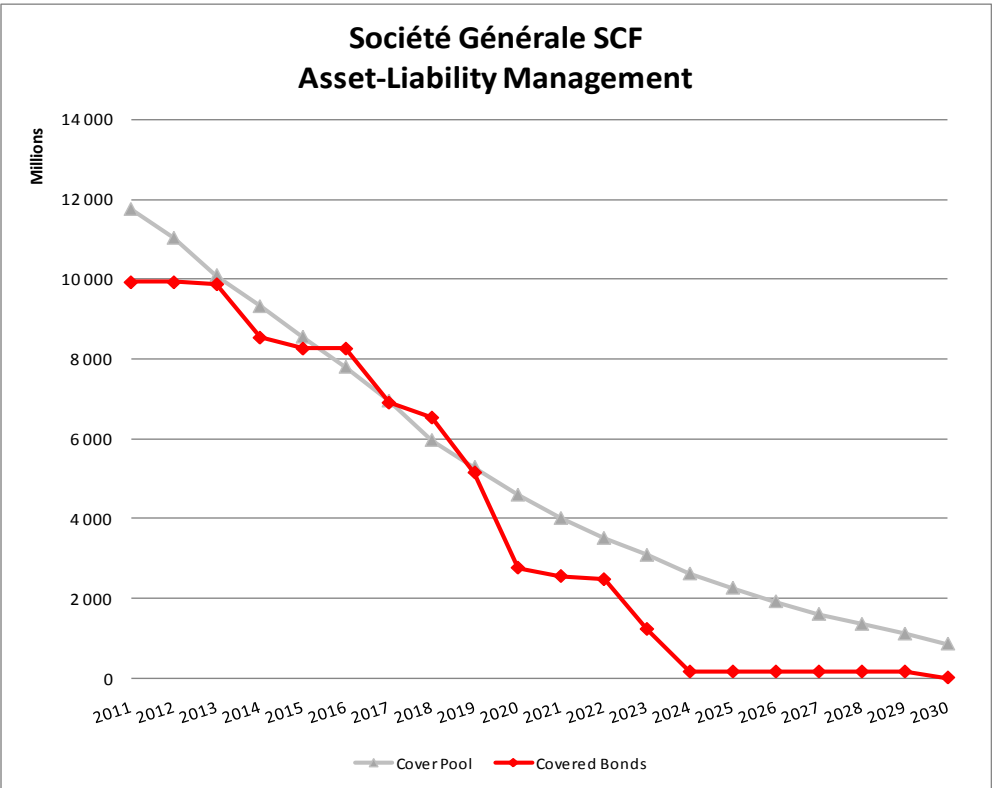
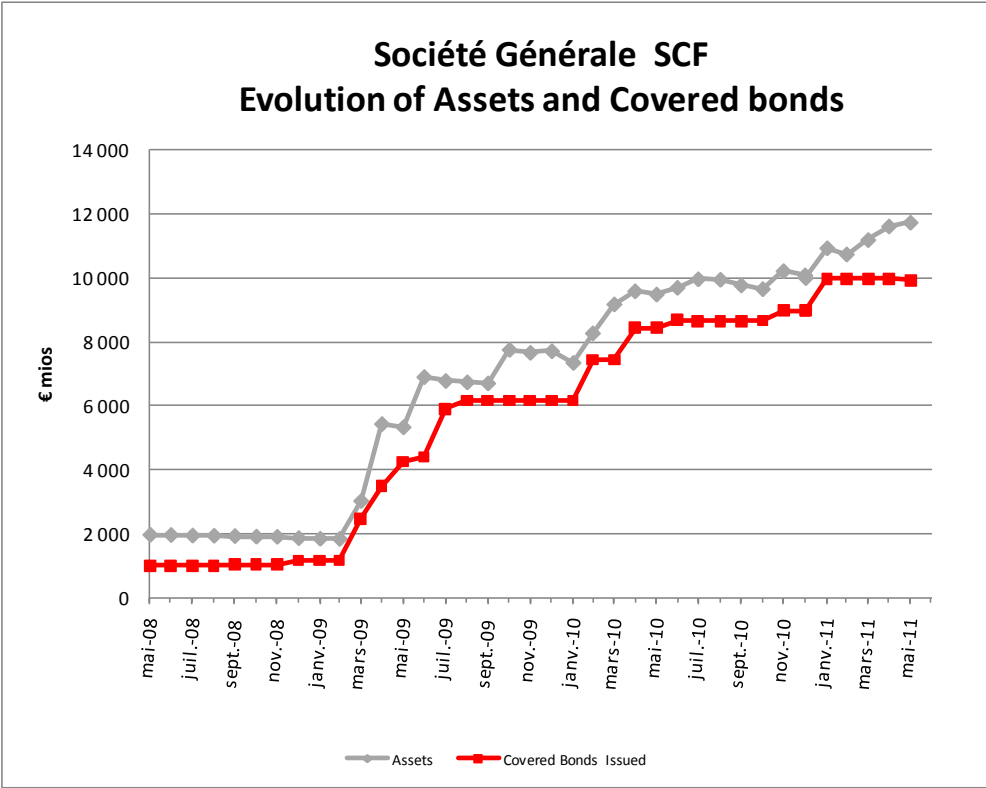


Strong activity since 2009

- **Obligations Foncières outstanding as at end of June 2011 in excess of 9.9 Bn EUR**
- **Weighted average maturity of the liabilities in line with the nature of the assets refinanced**
- **Benchmark transactions as well as private placements available**



Asset-Liability Management



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SCF: Highest safety

- Highest protection to investors ensured by the OF French legal framework
- Highest asset quality defined by the legal framework
- Additional self-imposed restriction adopted by the SG SCF
- AAA/Aaa/AAA rating from S&P, Moody's and Fitch
- Privileged regulatory treatment due to compliance with 22 (4) UCITS and EU CRD 10% derogatory weighting