

Rating Action: Societe Generale North America, Inc.

Moody's lowers Societe Generale's BFSR to C+, affirms Aa2 rating

Outlooks on all Societe Generale's ratings are negative

Paris, April 14, 2009 -- Moody's Investor Services has today downgraded the bank financial strength rating (BFSR) of Societe Generale (SG) to C+ from B-. At the same time, Moody's has affirmed SG's long-term debt and deposit ratings at Aa2. The subordinated debt and junior subordinated debt ratings were affirmed at Aa3, and the preferred stocks ratings at A1. All long-term ratings carry negative outlooks. The short-term debt and deposit ratings were also affirmed at Prime-1. (For more details on rating changes, please refer to the list below.)

Moody's review of the bank's risk profile was prompted by the deteriorating macroeconomic environment in SG's main markets. The consequent downgrade of SG's BFSR to C+ maps to a baseline credit assessment (BCA) of A2 and carries a negative outlook, reflecting the reduction of the bank's operating efficiency, as well as the volatility of its reported net profitability in line with market fluctuations.

The rating change incorporates Moody's expectation of potential further impairments in SG's securities portfolio, including the sizeable structured credit portfolio, as well as a likely increase in credit costs, both in SG's home market, France, and in its Central & eastern European (CEE) and Russian operations throughout 2009 and beyond. In Moody's view, the respective downside risk for SG's risk-adjusted profitability and capital ratios is now better reflected by the C+ rating. Under this new rating level, and given that SG's capital ratios are currently benefiting from last year's EUR1.7 billion capital injection from the French Government and will also benefit from this year's expected additional injection of EUR1.7 billion, the bank has the capacity to absorb the assumed stresses in its structured credit and core loan portfolios.

The rating agency further assumes that systemic support to SG remains very high and would be forthcoming if needed. Moreover, Moody's points out that the bank's overall franchise has proven resilient in the crisis, even in the wake of last year's massive internal fraud. In this respect, the rating agency believes that the remediation and transformation programme initiated by SG last year represents a robust response to the incident, while acknowledging, however, that all programmes entailing significant change in organisational culture have their own specific challenges -- one of which is the loss of momentum.

Moody's has therefore affirmed the long-term debt and deposit ratings at Aa2, but they now carry a negative outlook. This reflects Moody's view that any additional downgrade of the BFSR may lead to SG becoming more weakly positioned within the Aa rating category. The agency also cautions that a lowering of the BFSR could lead to a wider notching of the bank's deeply subordinated instruments (currently rated at A1, negative outlook) relative to the bank's senior debt.

These rating actions are consistent with Moody's recent announcement that it is recalibrating some of the weights and relative importance attached to certain rating factors within its current bank rating methodologies. Capital adequacy, in particular, is taking on an increasing importance in determining BFSRs in the current environment. Meanwhile, debt and deposit ratings are expected to reflect higher support assumptions for systemically important institutions during this global financial crisis. (Please refer to Moody's Special Comment entitled "Calibrating Bank Ratings in the Context of the Global Financial Crisis.")

SOCIETE GENERALE'S DEBT RATINGS

- Senior unsecured debt and MTN and long-term deposit note/CD programme were affirmed at Aa2; outlook was changed to negative from stable.

- Subordinated debt and MTN and junior subordinated debt and MTN were affirmed at Aa3; outlook changed to negative from stable.

- Preferred stocks were affirmed at A1; outlook changed to negative from stable.

- Short-term debt ratings were affirmed at Prime-1.

OPERATING SUBSIDIARIES

The following actions were taken on SG's operating subsidiaries:

- Komerční Banka (Czech Republic)

The local-currency long-term deposit rating is unchanged at Aa3, but the outlook on this rating was changed to negative from stable. Not affected by the rating action on the parent are the bank's foreign currency long-term deposit rating of A1 with stable outlook, the BFSR of C with stable outlook, and the bank's Prime-1 foreign and local short-term deposit ratings.

Moody's previous rating action on Komerční Banka was implemented on 9 December 2008, when the outlook on its A1 long-term foreign currency deposit rating was changed to stable from positive following the sovereign rating action.

- BRD-Groupe Societe Generale (Romania)

BRD's ratings are not impacted by the change in the parent bank's ratings. The global local currency deposit ratings remain at A2/Prime-1, foreign currency deposit ratings at Baa3/Prime-3, and the BFSR at D+. All ratings carry a stable outlook.

The previous rating action on BRD was implemented on 11 May 2007, when the BFSR was upgraded to D+ from D as a result of Moody's implementation of its updated bank financial strength rating (BFSR) methodology. Also, global local-currency deposit ratings of A2/Prime-1 were assigned to the bank, based on very high parental support from Societe Generale, and very high systemic support from the Romanian authorities. The foreign currency deposit ratings remained unchanged at Baa3/Prime-3. All ratings have a stable outlook.

- General Bank of Greece S.A (Greece)

The foreign and local currency long-term deposit ratings were downgraded to Baa1 from A3 and the short-term rating was downgraded to Prime-2 from Prime-1. The BFSR is unchanged at D+. All ratings carry stable outlooks.

The downgrade of Geniki's long-term deposit ratings is a result of the downgrade of the parent's BFSR, as well as Moody's continued perception of a very high probability that SG will provide support to Geniki in case of need.

The previous rating action on Geniki was implemented on 25 January 2008, when the bank's foreign and local long-term deposit ratings were downgraded to A3 from Aa3. The BFSR was affirmed at D+; the short-term rating was affirmed at Prime-1. A stable outlook was affirmed on all ratings.

- Rusfinance Bank (Russia)

The BFSR is unchanged at E+. The global local-currency deposit rating was downgraded to Baa3/Prime-3 from Baa2/Prime-2. The global foreign currency deposit rating was downgraded to Baa3/Prime-3 from Baa2/Prime-2. The NSR was affirmed at Aaa.ru. The outlook on all of the bank's global scale ratings is stable while the NSR carries no specific outlook.

The above rating action reflects the downgrade of the BFSR of the parent institution, as well as Moody's continued perception of a very high probability of support from SG to Rusfinance Bank. The rating agency also notes that the latter's reliance on parental funding -- and hence dependence on the parent bank -- has increased in the recent times.

Moody's previous rating action on Rusfinance Bank was implemented on 25 January 2008 following the downgrade of the ratings of Societe Generale (SG) to Aa2/B- from Aa1/B on 24 January 2008. Rusfinance Bank's BFSR was affirmed at E+ with a stable outlook. The global local-currency deposit ratings were affirmed at Baa2/Prime-2; the foreign currency deposit ratings are affirmed at Baa2/Prime-2, also with a stable outlook. The NSR was affirmed at Aaa.ru.

- BSGV (Russia)

The BFSR is unchanged at D-. The global local-currency deposit ratings are not affected at Baa2/Prime-2; the foreign currency deposit ratings are also not affected at Baa2/Prime-2. The NSR was affirmed at Aaa.ru. The outlook on all of the bank's global scale ratings is stable, while the NSR carries no specific outlook.

Moody's maintains the four-notch uplift for BSGV's deposit ratings from the bank's Baseline Credit Assessment (BCA) of Ba3 which reflects the rating agency's perception of a very high probability of support from SG to BSGV, taking into account the historic close integration of the two financial institutions, as well as their shared brand names and logo.

The previous rating action on BSGV was implemented on 14 November 2008 when Moody's assigned a Baa2 long-term and Prime-2 (P-2) short-term foreign and local-currency deposit ratings and a D- bank financial strength rating (BFSR) to Bank Société Générale Vostok (BSGV). The outlook for all the ratings is stable.

- DeltaCredit Bank (Russia)

The BFSR is unchanged at D. The global long-term local and foreign currency deposit ratings were downgraded to Baa2 from Baa1. The Prime-2 short-term foreign currency deposit rating and Aaa.ru long-term national scale rating (NSR) are not affected. The outlook on all of the bank's global scale ratings is stable, while the NSR carries no specific outlook.

The above rating action reflects the downgrade of the BFSR of the parent institution, as well as Moody's continued perception of a very high probability of support from SG to DeltaCredit Bank.

Moody's previous rating action on DeltaCredit Bank was implemented on 16 July 2008 when the rating agency upgraded the bank's long-term foreign currency deposit rating to Baa1 from Baa2 following the upgrade to Baa1 (positive outlook) of the local and foreign currency bond ratings of the Russian government.

- Rosbank (Russia)

The BFSR is unchanged at D with a stable outlook. The outlook on the bank's global long-term local and foreign currency deposit ratings of Baa3 was changed to stable from positive. Concurrently, the outlook on Baa3/Prime-3 foreign currency debt ratings assigned to the debt issuance programme of Rosbank Finance S.A. was changed to stable from positive. Rosbank's Prime-3 short-term local and foreign currency deposit ratings and the bank's Aaa.ru long-term national scale rating are not affected.

The level of support factored in by Moody's in Rosbank's ratings remains high, however, the rating agency expects that SG will have to adapt its original development plans in Russia for the negative changes in local economic and operational environment, that have recently materialised.

Moody's previous rating action on Rosbank was implemented on 18 February 2008 when the rating agency upgraded the bank's long- and short-term local and foreign currency deposit ratings to Baa3/Prime-3 (positive outlook) from Ba2/Not Prime (stable outlook). Moody's also upgraded the foreign currency debt ratings assigned to the debt issuance programme of Rosbank Finance S.A. to Baa3/Prime-3 (positive outlook) from Ba2/Not Prime (stable outlook). Rosbank's BFSR of D was affirmed with stable outlook. Rosbank's long-term national scale rating was upgraded to Aaa.ru from Aa2.ru.

SOCIETE GENERALE'S FINANCING ENTITIES AND FOREIGN BRANCHES

The following actions were taken on SG's financing entities and foreign branches:

- Societe Generale (Canada): Outlook changed to negative from stable on the long-term backed senior unsecured debt.

- SG Australia Limited: Outlook changed to negative from stable on the long-term backed senior unsecured debt and MTN, backed subordinated MTN, and backed junior subordinated MTN; short-term debt was affirmed at Prime-1.

- SG Australia Branch: Outlook changed to negative from stable on the long-term senior unsecured debt and MTN and backed deposit note/CD programme; short-term debt was affirmed at Prime-1.

- Societe Generale North America, Inc.: Backed commercial paper was affirmed at Prime-1.

- SGA Societe Generale Acceptance N.V.: Outlook changed to negative from stable on the backed senior unsecured debt and MTN, backed subordinated MTN, and backed junior subordinated MTN; backed short-term debt was affirmed at Prime-1.

- Societe Generale, New York Branch: Outlook changed to negative from stable on the long-term deposit note/CD programme.

- SG Structured Products, Inc.: Outlook changed to negative from stable on the long-term backed senior unsecured debt and MTN; backed short-term debt was affirmed at Prime-1.

- SG Option Europe: Outlook changed to negative from stable on the long-term backed senior unsecured debt and MTN, subordinate MTN and junior subordinate MTN; backed short-term debt was affirmed at Prime-1.

- Parsifal Limited: Outlook changed to negative from stable on the long-term backed senior unsecured debt and MTN and subordinate MTN; backed short-term debt was affirmed at Prime-1.
- Societe Generale Commodities Products LLC: Outlook changed to negative from stable on the long-term backed senior unsecured debt and MTN; backed short-term debt was affirmed at Prime-1.
- CODEIS Securities SA: Outlook changed to negative from stable on the long-term backed senior unsecured MTN; backed short-term debt was affirmed at Prime-1.
- SG Capital Trust I: Outlook changed to negative from stable on the backed preferred stock.
- SG Capital Trust III: Outlook changed to negative from stable on the backed preferred stock.
- SG II Preferred Securities Investors Trust: Outlook changed to negative from stable on the backed preferred stock.
- SG Preferred Capital II: Outlook changed to negative from stable on the backed preferred stock.

The last rating actions on SG took place on 24 January 2008, when Moody's downgraded the BFSR of SG to B- from B and lowered its long-term senior debt ratings to Aa2 from Aa1. The outlook was changed to negative on the BFSR, while the outlook remained stable on the long-term ratings. Moody's rating actions followed the announcement by SG of an exceptional fraud, resulting in a pre-tax loss of EUR4.9 billion.

The principal methodologies used in rating the issuers covered by this press release are "Bank Financial Strength Ratings: Global Methodology" and "Incorporation of Joint-Default Analysis into Moody's Bank Ratings: A Refined Methodology", which can be found at www.moody.com in the Credit Policy & Methodologies directory, in the Rating Methodologies subdirectory. Other methodologies and factors that may have been considered in the process of rating these issuers can also be found in the Credit Policy & Methodologies directory.

Based in La Defense, Paris, France, Societe Generale had total assets of EUR1,130 billion at year-end 2008 and a Tier 1 ratio (under Basel 2) of 8.43% (YE2007: 6.62%). Societe Generale's Net Banking Income for FY 2008 was in line with FY 2007 and amounted to EUR21.9 billion, and its net income group share stood at EUR2.0 billion, up 112% from EUR0.95 billion for FY 2007.

Frankfurt
 Carola Schuler
 Senior Vice President
 Financial Institutions Group
 Moody's Deutschland GmbH
 JOURNALISTS: 44 20 7772 5456
 SUBSCRIBERS: 44 20 7772 5454

Paris
 Stephane Le Priol
 VP - Senior Credit Officer
 Financial Institutions Group
 Moody's France S.A.
 JOURNALISTS: 44 20 7772 5456
 SUBSCRIBERS: 44 20 7772 5454

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