SOGECAP

Press release

Paris, June 19, 2008

SOGECAP: EMBEDDED VALUE 2007

SOGECAP, the life insurance subsidiary of SOCIETE GENERALE, is publishing its Embedded Value and New Business Value results for the first time. These results are calculated in line with the principles of the CFO Forum and using a market consistent approach. They correspond to all SOGECAP activities in France, including those of the ORADEA-VIE partnership.

Alain de Saint-Martin, Chairman and CEO of SOGECAP said: " *the Embedded Value of SOGECAP grew in 2007 despite a difficult economic climate. Activity in 2007 proved strong, with the ratio of New Business Value to the present value of premiums coming in at a highly satisfactory 2.3%*".

Summary of results at December 31, 2007

Adjusted net asset value (ANAV)	€ 1,199m
Certainty Equivalent Present Value of Future Profits	€ 2,540m
Time value of financial options and guarantees	€ -272m
Cost of capital and non-financial risks	€ -266m
Embedded Value (EV)	**€ 3,201m**
New Business Value (NBV)	**€ 202m**
NBV / present value of premiums(1)	2.3%
NBV / APE(2)	23.1%

(1) Present value of premiums generated by activity in 2007 (including future scheduled premiums) is € 8,780m.
(2) APE: Annualized Premium Equivalent (10% of single premiums and flexible premiums, 100% of scheduled premiums) which amounts to € 874m.

B&W Deloitte certified SOGECAP's Embedded Value calculations as at December 31, 2007. The actuarial firm reviewed the methodology applied, notably its compliance with the applicable principles of the CFO Forum on December 31, 2007, the assumptions used and the results of the calculations. Its full opinion is given in the detailed report entitled SOGECAP-Embedded Value 2007 appended hereto.

Embedded Value, which is the discounted value of the in force policies, stood at €3,201m at the end of 2007, for a net position of € 1,236m in the consolidated financial statements of SOCIETE GENERALE. The surplus value not integrated in the equity of SOCIETE GENERALE therefore amounted to approximately **€ 2bn**.

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Société Anonyme au capital de 729.088.551,25 EUR
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The return on Embedded Value stood at 10.2% (ratio between the operating margin and Embedded Value at end 2006).

The New Business Value (NBV), i.e. the value of activity generated in 2007, stood at €202m for operations in France, namely **2.3%** of the present value of premiums.

Analysis of the change in Embedded Value between 2006 and 2007

In € millions	Adjusted net asset value	Value of in force business	Total
Embedded Value in 2006	**1,116**	**2,044**	**3,160**
Operating margin	189	133	323
Impact of economic environment	(13)	(176)	(189)
Dividend paid in 2007	(155)		(155)
Increase in capital	62		62
Embedded Value in 2007	**1,199**	**2 002**	**3,201**

The operating margin essentially corresponds to the value added by the 2007 new business, and the expected contribution from the existing business.

The economic environment had a negative impact on results (€ -189m) following the increase in equity and interest-rate volatility, widening spreads and weak growth on the equity markets.

Embedded Value sensitivities

An analysis of the main sensitivities to market variation revealed changes of no more or less than 5% in Embedded Value at the end of 2007.

	In € millions	as a % of value
Increase in interest rates of 100 bp	(156)	-4.9%
Decrease in interest rates of 100 bp	127	+4.0%
Decrease in equities of 10%	(144)	-4.5%
Increase in interest-rate volatility of 25%	(17)	-0.5%
Increase in equity volatility of 25%	(72)	-2.2%
Increase in expenses of 10%	(54)	-1.7%
Decrease in lapse rates of 10%	89	+2.8%
Decrease in mortality rate of 5%	40	+1.3%

New Business Value sensitivities

	In € millions	as a % of value
Increase in interest rates of 100 bp	13	+6.6%
Decrease in interest rates of 100 bp	(27)	-13.5%
Increase in interest-rate volatility of 25%	(3)	-1.3%
Increase in equity volatility of 25%	(12)	-5.8%
Increase in expenses of 10%	(4)	-2.1%
Decrease in lapse rates of 10%	15	+7.6%
Decrease in mortality rate of 5%	5	+2.3%

Société Générale
Société Générale is one of the largest financial services groups in the euro-zone. The Group employs 151,000 people worldwide in three key businesses:

- Retail Banking & Financial Services: Société Générale serves 30 million individual customers worldwide.
- Global Investment Management & Services: Société Générale is one of the largest banks in the euro-zone in terms of assets under custody (EUR 2 731 billion, Mar. 2008) and under management (EUR 391 billion, Mar. 2008).
- Corporate & Investment Banking: Société Générale ranks among the leading banks worldwide in euro capital markets, derivatives and structured finance.

Société Générale is included in the five major socially-responsible investment indexes.
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Sogécap
Sogécap is the life insurance and self-funded pensions company belonging to the Société Générale Group. It is the sixth largest Life company in France, and fourth largest bank insurance company with 6,8 million contracts to its name. In 2007, the Sogecap Group generated a turnover of 8,9 billion. Managed assets stood at more than 60 billion at the end of 2007.
www.sogecap.com

APPENDIX

SOGECAP EMBEDDED VALUE 2007

Introduction

SOGECAP's Embedded Value and New Business Value are calculated in line with the principles of the CFO Forum and using a market consistent approach. The results correspond to all SOGECAP activities in France, including those of the ORADEA-VIE partnership.

The value of overseas subsidiaries is only taken into account in the book value already factored into equity.

Embedded Value is made up of:

- the Adjusted Net Asset Value (ANAV) which corresponds to the sum of the following:
    - SOGECAP's equity,
    - unpaid dividends,
    - reserves, excluding the “reserve de capitalisation” which is not recognised as shareholder equity in the IFRS accounts,
    - unrealised capital gains of the equity portfolios and other portfolios whose financial earnings are allocated in full to SOGECAP.

- the Value of Business in Force which is equal to the present value of future profits over the residual life of contracts, after allowing for the time value of financial options and guarantees and the cost of capital and non-financial risks.

The present value of future profits, calculated according to the certainty equivalent approach, is equal to the discounted sum of the earnings generated by existing contracts at December 31, 2007.

The time value of financial options and guarantees is the difference between the stochastic value of future profits and their present value calculated using the certainty equivalent approach. The stochastic value of the portfolio is equal to the average discounted future earnings of 1,000 market consistent scenarios.

The cost of capital is made up of:

- the spread between the risk-free rate and the risk-free rate net of tax on the capital required to cover the solvency margin, after allowance for the investment expenses,
- the cost of the subordinate loans factored into the solvency margin which corresponds to the spread between the borrowing rate and the replacement rate.

The cost of non-financial risks factors in:

- operational risks,
- the risk of a change in loss experience. A risk premium has therefore been added to the risk discount rate for risk products.

Summary of results as at December 31, 2007

In € millions	
Adjusted net asset value (ANAV)	1,199
Certainty Equivalent Present Value of Future Profits	2,540
Time value of financial options and guarantees	-272
Cost of capital and non-financial risks	-266
Embedded Value	**3,201**

In € millions	
Certainty Equivalent Present Value of Future Profits	280
Time value of financial options and guarantees	-49
Cost of capital and non-financial risks	-29
New Business Value	**202**
NBV / present value of premiums*	**2.3%**
NBV / APE**	23.1%

* Present value of premiums generated by activity in 2007 (including future scheduled premiums) is €8,780m.
** APE: Annualized Premium Equivalent (10% of single premiums and flexible premiums, 100% of scheduled premiums) which amounts to €874m.

Analysis of the change between 2006 and 2007

In € millions	Adjusted net asset value	Value of in force business	Total
Embedded Value 2006	**1,116**	**2,044**	**3,160**
Operating margin	189	133	323
Impact of economic environment	(13)	(176)	(189)
Dividend paid in 2007	(155)		(155)
Capital increase	62		62
Embedded Value 2007	**1,199**	**2 002**	**3,201**

The operating margin corresponds to the value generated by:
- the unwinding of the risk discount rate,
- new business (new subscriptions and flexible premiums on existing contracts),
- the change in operating assumptions used in the projections (loss experience, expenses),
- Operational experience variances.

The impact of the economic environment corresponds to the impact of market variability (equity, interest-rate, etc.). This impact was negative as a result of the:
- quasi-stability of the equity markets,
- increase in spreads,
- heightened volatility of the equity and interest-rate markets prompting an increase in the cost of options.

Two other isolated impacts on net assets were:
- the dividend payment in 2007,
- the capital increase.

Reconciliation of Embedded Value and consolidated equity

SOGECAP's net asset value which has already been integrated within the Group's consolidated equity in line with IFRS amounted to €1,236m at the end of 2007, i.e. close to the adjusted net asset value factored into its Embedded Value (€1,199m).

The additional value generated by SOGECAP's activities in France and not integrated within the Group's consolidated equity in line IFRS was therefore close to the value of the portfolio after the cost of options, that is to say €1,965m.

Sensitivities

Sensitivity of Embedded Value

	In € millions	**as a % of EV**
Increase in interest rates of 100 bp	(156)	-4.9%
Decrease in interest rates of 100 bp	127	+4.0%
Decrease in equities of 10%	(144)	-4.5%
Increase in interest-rate volatility of 25%	(17)	-0.5%
Increase in equity volatility of 25%	(72)	-2.2%
Increase in expenses of 10%	(54)	-1.7%
Decrease in lapse rates of 10%	89	+2.8%
Decrease in mortality rate of 5%	40	+1.3%

According to the sensitivities defined by the CFO Forum, SOGECAP's Embedded Value varied by more or less 5%.

Sensitivity to changes in interest rates is essentially explained by the impact of the discounted future earnings rate which were relatively stable in both of the two scenarios.

Sensitivity of New Business Value

	In € millions	**as a % of EV**
Increase in interest rates of 100 bp	13	+6.6%
Decrease in interest rates of 100 bp	(27)	-13.5%
Increase in interest-rate volatility of 25%	(3)	-1.3%
Increase in equity volatility of 25%	(12)	-5.8%
Increase in expenses of 10%	(4)	-2.1%
Decrease in lapse rates of 10%	15	+7.6%
Decrease in the mortality rate of 5%	5	+2.3%

Sensitivity to the increase in interest rates is positive as the increase in margin is higher than the discounting effect.

Methodology and hypotheses

Adjusted Net Asset Value

Adjusted Net Asset Value (ANAV) corresponds to the sum of the following:

- SOGECAP's equity;
- unpaid dividends;
- reserves, excluding the “reserve de capitalisation” which is not recognised as shareholder equity in the IFRS accounts.
- unrealised capital gains of the equity portfolios and other portfolios whose financial earnings are allocated in full to SOGECAP.

Certain equivalent scenario

The value of the portfolio calculated according to the certain equivalent approach is equal to the discounted value of future profits after tax. The principles are as follows:

- assumptions as to mortality, surrenders and arbitrages, etc. are estimated on the basis of statistical analyses;
- future returns are calculated such that discounted future cash flows using the risk-free yield curve match the market value of the assets;
- risk premiums are not taken into account when calculating the earnings on equities and property;
- risk premiums are not taken into account for future investments;
- forward curves are calculated based on the initial risk-free interest-rate curve (curve defined by the French *Institut des actuaires* as at December 31, 2007);
- profits after tax are discounted using this same curve;
- the projection period is 30 years;
- the tax rate is fixed over the projection period at 34.43%;
- the asset allocation at the end of 2007 has been maintained constant over the projection period;
- all overheads generated by SOGECAP's activities in France are modelled**.**

Time value of financial options and guarantees

The time value of financial options and guarantees is the difference between the stochastic value of future profits and their present value calculated using the certainty equivalent approach. The stochastic value of the portfolio is equal to the average discounted future earnings of 1,000 market consistent scenarios.

The following options have been valued :

- profit sharing on savings products
- surrender options;
- option of transfers (arbitrage) between unit-linked and Euro fund;
- guaranteed minimum death benefit on multi-support contracts.

Surrenders and arbitrages are modelled taken into account policyholders dynamic behaviour which are subject to market conditions.
All calculations are carried out by projecting flows in a risk neutral universe. As such, no risk premiums are factored into future projected earnings and discounting is based on the instantaneous risk-free rate for each scenario.

The 1,000 scenarios used are derived from the Barrie & Hibbert scenario generator.

The following flows are taken into account:

- margins after tax, which factor in all income and expenses except for income on equity,
- fraction of shareholders in the reserves and unrealised capital gains at the end of each simulation.

Cost of capital

The cost of capital is made up of:

- the spread between the risk-free rate and the risk-free rate net of tax on the capital required to cover the solvency margin, after allowance for the investment expenses
- the cost of the subordinate loans factored into the solvency margin which corresponds to the spread between the borrowing rate and the replacement rate.

Cost of non-financial risks

The operational risk has been taken into account using a risk premium of 0.16% expressed as a percentage of the solvency margin requirement.

For the risk products, a risk premium of 2% has been added to the discount rate.

New Business Value

New Business Value is calculated according to the stand alone method. It does not therefore take into account the existing unrealised capital gains and profit sharing reserve.

New business corresponds:

- for saving products: to all premiums made during the year, with the exception of scheduled premiums for contracts in effect at the end of 2006 which are taken into account in the Embedded Value,
- for risk products: to new subscriptions in 2007.

New Business Value is calculated according to the same methodology used for Embedded Value.

Economic scenario generator

The Barrie & Hibbert generator was used to calibrate 1,000 economic scenarios in a risk-neutral and market consistent environment. The economic variables are:

- equity indexes (CAC 40 and Eurostoxx) and dividend rates,
- risk-free interest-rate curve,
- inflation.

The interest-rate curve of the French *Institut des Actuaires* was used in calibrating the model. The volatilities used are the implied volatilities on December 31, 2007, which means the value of each asset on that date can be established.

Interest-rate curve of the Institut des Actuaires as at December 31, 2007:

Maturity	Rate
1 yr	4.10%
2 yrs	4.08%
3 yrs	4.10%
4 yrs	4.13%
5 yrs	4.18%
7 yrs	4.30%
10 yrs	4.46%
15 yrs	4.65%
20 yrs	4.73%
25 yrs	4.74%

The volatilities used in the calibration of the model are:

Equities	28% (CAC 40) 27.3% (Eurostoxx)
Interest-rate	10.5 % (10-yr swaption on 20-yr rates)

Certification of SOGECAP's 2007 MCEV - Opinion of B&W Deloitte

We have reviewed SOGECAP's Embedded Value at December 31, 2007 as calculated internally according to the directives and under the responsibility of the company's management. Within this framework, we have reviewed the methodology adopted together with the assumptions used and calculations made. The review was conducted in accordance with normal actuarial practice and processes. In particular, we have relied on and not sought to check the data provided by SOGECAP.
In the light of the above, we consider that the methodology adopted is appropriate, the managements' assumptions taken together are reasonable and that the Embedded Value results have been properly compiled on the basis of the methodology, assumptions chosen and CFO Forum principles at December 2007.

The calculation of embedded values necessarily makes numerous assumptions with respect to economic conditions, operating conditions, taxes and other matters, many of which are beyond the Company's control. Although the assumptions used represent estimates which SOGECAP and B&W Deloitte believe are together reasonable, actual future experience may vary from that assumed in the calculation of the embedded value results, and such variation may be material. Deviations from assumed experience are normal and are to be expected.