



CORPORATE &  
INVESTMENT BANKING

CRÉDIT LOGEMENT

# Press Release

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## **SG CORPORATE & INVESTMENT BANKING AND CREDIT LOGEMENT CLOSE THE FIRST RESIDENTIAL SYNTHETIC SECURITISATION OUT OF FRANCE**

Crédit Logement and SG Corporate & Investment Banking have successfully closed the first residential synthetic securitisation out of France for an amount of EUR 3.5 billion. Crédit Logement has contracted credit default swaps with a super senior counterparty and with Irish SPV, French Residential Asset 2004-1. French Residential Asset 2004-1 has issued four classes of notes for an amount of EUR 245 million.

These notes are rated AAA/Aaa, AA/Aa2, A/A1 and BBB/Baa3 by S&P and Moody's respectively. After an impressive response from investors during the roadshow, the notes have priced at 0.20%, 0.40%, 0.60% and 1.25%, respectively over Euribor 3 month. French Residential Asset 2004-1 has achieved one of the tightest pricings ever on the synthetic RMBS market with over-subscription ranging between 2.5 and 5 times for each class of notes. Participation from non-French investors represented 75% of the total notes at closing, with orders particularly strong out of Germany, the UK, the Netherlands and Belgium.

The transaction is a 5-year revolving structure with a call option in March 2009 and subsequent quarters. The pool of guarantees in French Residential Asset 2004-1 relates to a EUR 3.5 billion portfolio of 80,000 owner-occupied loans with an average LTV of 61.5% and a 2.7 year seasoning, attractive by nature but particularly so for a rarity such as French RMBS.

Crédit Logement, an AA/Aa2 financial institution, is extending guarantees to all the major French banks to cover the credit risk attached to these residential loans and in order to avoid the mortgage registration. Its guaranteed exposure totals about EUR 58 billion, much of which is primarily related to main residence. This, combined with state-of-the art credit processes, results in a very low historical default rate.

SG Corporate & Investment Banking is acting as sole arranger, lead manager and bookrunner, with BNPP and CAI as joint-lead managers.

Société Générale  
Corporate Press Relations  
Stephanie Carson-Parker  
Tel: 331 42 14 95 77  
stephanie.carson-  
parker@socgen.com

## **For further information, please contact:**

### **SG Corporate & Investment Banking**

Jérôme Jacques, Securitisation, 33 1 42 14 34 00  
jerome.jacques@sgcib.com

Maria Brookes, Communication, 44 207 676 6771  
maria.brookes@sgcib.com

### **Crédit Logement**

Catherine Lanvario, Communication, 33 1 44 61 60 67  
c.lanvario@creditlogement.fr

## **NOTE TO EDITORS**

### **CREDIT LOGEMENT**

Crédit Logement is an unlisted financial company approved by the *Comité des Établissements de Crédit et des Entreprises d'Investissement* (Credit Institutions and Investment Firms Committee). Crédit Logement's capital is held mainly by BNP Paribas, Crédit Agricole, Crédit Lyonnais and Société Générale (each with 16,50%), alongside Groupe Crédit Mutuel-CIC, Compagnie Financière Eulia, Crédit Foncier de France, La Poste and CCF.

Crédit Logement provides guarantees, in the form of collateral security, for home loans granted to private individuals by its banking partners, which are also its shareholders, partially refundable at the loan termination (around 75%).

The Crédit Logement guarantee is based on risk-pooling in the form of a contribution by each borrower to the mutual guarantee fund.

To date, more than three million borrowers have had their loans guaranteed by Crédit Logement, and thus been able to finance their property acquisition without the need for a mortgage.

In 2003, Crédit Logement issued new guarantees totalling over 28 billion euros. With more than 350,000 property transactions guaranteed during the financial year and a near-doubling of its production over a three-year period, Crédit Logement has consolidated its position as the clear leader in the home loans market, representing almost 25% of all home loans, excluding social loans and renegotiations.

As at 31 December 2003, outstanding of guarantees of Crédit Logement totalled nearly 58 billion euros.

Since its creation nearly 30 years ago, Crédit Logement has become the leader in its market.

[www.creditlogement.com](http://www.creditlogement.com)

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Société Générale is one of the largest financial services groups in the euro-zone. The Group employs 88,000 people worldwide in three key businesses:

- Retail Banking & Financial Services: Société Générale serves more than 15 million retail customers worldwide.
- Asset Management, Private Banking & Securities services: Société Générale is one of the largest banks in the euro-zone in terms of assets under custody (USD 1,165 trillion) and under management (EUR 284 billion, December 2003).
- Corporate & Investment Banking: SG CIB ranks among the leading banks worldwide in euro capital markets, derivatives and structured finance.

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- **Euro Capital Markets:** A top ten player in debt and equity segments (bonds, securitisations, syndicated loans, equity-linked and equity issues).
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- **Structured Finance:** A worldwide leader in export, project and structured commodity finance.

Combining innovation and quality of execution, SG CIB provides corporates, financial institutions and investors with value-added integrated financial solutions.

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