SOCIETE GENERALE
Corporate & Investment Banking

Quick Guide

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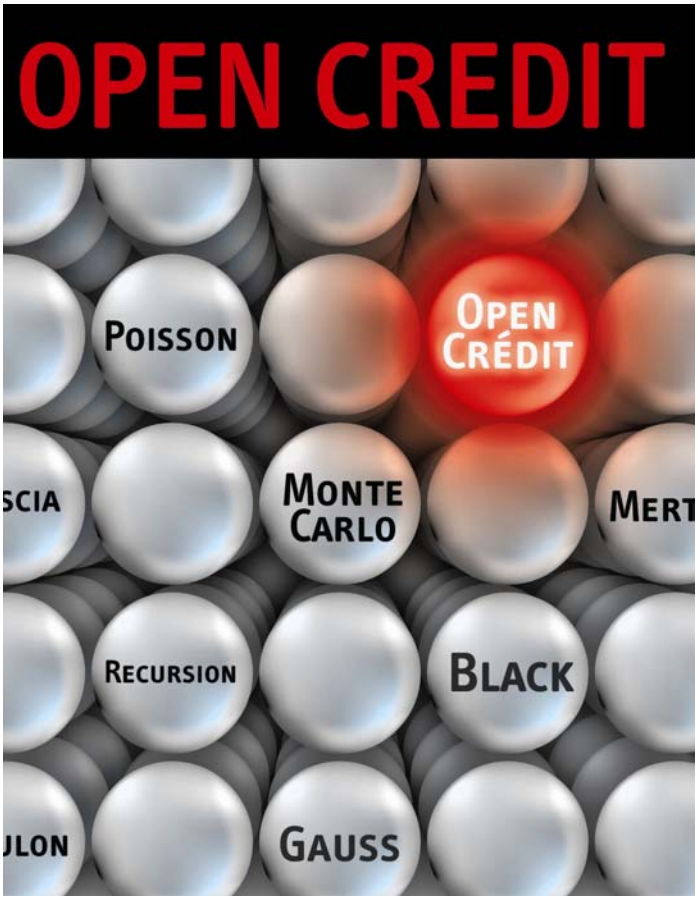


This document is designed to be a quick reference guide to using OpenCredit. The User Guide and Technical Reference are provided for those who prefer more detailed information.

Setting Interest Rate Curves and Credit Default Swaps in Memory

NB: You have to set Interest Rate Curves and Credit Default Swaps in Memory before using the other functions in OpenCredit

Excel Sheet: IRS Strip

- Input Interest Rate Curves. These are expressed as a percentage. You can include as many as you like by adding more rows
- Input the parameter date
- Remember to put the correct swap basis as text e.g. “Actual/365”, the swap period in number of months, and FX rate against EUR expressed in currency.
- **Shift F9** to create zero curves and place in memory

Parameter Date	13-Feb-06			Swap Rates							
Currency Name	Swap Basis	FX Spot vs EUR	Swap Period (months)	1Y	2Y	3Y	4Y	5Y	6Y	7Y	
JPY	Actual/365	142.95	6	0.184%	0.404%	0.640%	0.867%	1.072%	1.251%	1.405%	1.5
EUR	European 30/360	1	12	2.914%	3.148%	3.261%	3.341%	3.408%	3.465%	3.519%	3.5
USD	Actual/360	1.2	12	5.013%	5.015%	5.005%	5.025%	5.040%	5.055%	5.060%	5.0

	Stripped Zero Coupon							
JPY	99.82%	99.20%	98.09%	96.58%	94.75%	92.70%	90.52%	88
EUR	97.17%	93.98%	90.81%	87.65%	84.52%	81.44%	78.39%	75
USD	95.16%	90.56%	86.19%	81.96%	77.92%	74.06%	70.41%	66

Excel Sheet: CDS Strip

- Input current CDS reference maturity date
- Input Credit Default Swap Name and CDS currency as text, CDS Recovery as a percentage
- Input known spreads for relevant tenor as percentages,
- **Shift F9** to strip default probabilities and place in memory

CDS Ref. Maturity Date	20-Dec-05			Enable Calculation	TRUE							
			Market Spread Curve									
Issuer #	Issuer Name	Expected Recovery	Currency	3M	6M	1Y	2Y	3Y	4Y	5Y	6Y	7Y
				20-Mar-06	20-Jun-06	20-Dec-06	20-Dec-07	20-Dec-08	20-Dec-09	20-Dec-10	20-Dec-11	20-Dec-12
1	ABNAMRO	35%	EUR			0.02%	0.03%	0.05%		0.07%		0.10%
2	AXA	35%	EUR			0.05%	0.08%	0.12%		0.18%		0.25%
3	Accor	35%	EUR			0.08%	0.15%	0.25%		0.48%		0.66%
4	Adecco	35%	EUR			0.13%	0.29%	0.42%		0.65%		0.82%
5	Aegon	35%	EUR			0.05%	0.09%	0.12%		0.19%		0.24%
6	AkzoNobel	35%	EUR		0.10%	0.13%	0.15%	0.20%		0.31%		0.43%
7	Allianz	35%	EUR			0.04%	0.07%	0.09%		0.14%		0.19%

Pricing Credit Default Swaps

You have to make sure that the interest rate and CDS curves are in memory. On sheet IRS Strip press Shift F9 and on sheet CDS Strip press Shift F9.

Excel Sheet: CDS

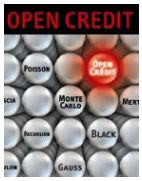
- Input Issuer ID as an integer or name
- Input Maturity as either a duration from current CDS reference maturity date (eg “5y”) or as a date,
- Optional: choose if you want to price taking into account a spread and if you want to price taking into account recovery different from market recovery
- Optional: input currency as text if different from CDS currency (Quanto CDS). If so, input FX volatility (number) and FX Correlation (as a percentage)
- Write in the Coupon period and convention as text
- Choose if you want to price as American or as European as true or false
- Choose if you want to calculate Greeks as true or false. If true, input CDS hedge characteristics. In most cases, Spread should be left blank and IsAmericanFloatLeg and IsAmericanFixedLeg should both be left true
- Select cell in calculation area [H13:K20] and press **CTRL+ Y**

Output

- CDS Name, for information
- NPV: If spread is specified, mark to market for protection buyer paying such spread, otherwise 0
- Float Leg: Present value of losses expected to be paid by protection seller
- Fixed Leg: Present value of spread (or ATM spread if no spread given) paid by protection buyer
- ATM spread: current market spread
- BPV: risky basis point value
- dPV and dHedge: CDS and hedge sensitivities to default probability shock
- Delta: amount to hedge a CDS having a notional of 1

Issuer ID or Name	alcatel_mmr.EUR.SU
Maturity	5y
Spread	0.000%
Recovery	
Currency	
FX Correl	0%
FX Vol	0%
Coupon Period	3M
Coupon Convention	ShortFirst
Coupon Last Settle	
IsAmericanFloatLeg	TRUE
IsAmericanFixedLeg	TRUE
With Greeks	TRUE
Hedging CDS	
Spread	
IsAmericanFloatLeg	TRUE
IsAmericanFixedLeg	TRUE
Integration Period	1m

	TRUE		
Maturity Date	20-Mar-12		
Name	AGF_MMR.EUR.SU		
NPV (Dirty)	4.28%		
FloatLeg	4.28%		
FixedLeg	0.00%		
ATM spread	0.950%		
BPV	4.5010		
Comp. time	0:00:00		
	dPV	dHedge	Delta not. (Hedge Crncy
	0.20792%	0.21352%	0.974



Pricing Bespoke CDOs

You have to make sure that the interest rate and CDS curves are in memory. On sheet IRS Strip press Shift F9 and on sheet CDS Strip press Shift F9.

Excel Sheet: CDO Bespoke

- Input Maturity as either a duration from CDS reference maturity date (eg “5y”) or as a date (eg 20 dec 2010)
- Input CDO currency as text, FX Correlation as a percentage and Volatility as a number
- Choose if you want a specific spread to be taken into account and write in the Coupon period and convention as text
- Input Number of Issuers
- Input low strike (i.e. subordination or attachment) as an amount and high strike (i.e. exhaustion or detachment) as an amount
- Input level of correlation at low strike and level of correlation at high strike (both as a percentage)
- Choose if you want to price as American or as European as true or false
- Choose if you want to calculate Greeks in as true or false. In most cases, Spread should be left blank and IsAmericanFloatLeg and IsAmericanFixedLeg should both be left true
- Input portfolio composition:
- Issuer Names in column and their weight in Nominal column as percentage
- Optional: input recoveries (as percentages) if different from market recovery and beta addon
- Enter the Integration Period to select pricing precision vs. speed
- Select cell in calculation area [H7:N313] and press **CTRL+ Y**

Output

- Similar to Credit Default Swap
- Deltas are calculated in cash and in percentage of the tranche notional
- Deltas’ notionals are expressed in CDS currency to know the amount of hedge and in CDO currency to calculate the leverage of the tranche

Maturity	20-Dec-11
Maturity Date (FYI)	20-Mar-12
Currency	EUR
FX Correl	0%
FX Vol	0%

Spread	5.000%
Cpn period	3m
Cpn convention	LongFirst
Cpn last settle	

Number of Issuers	125	
Sum of weights	100	
Low Strike	3.00	FYI, in % = 0.00%
High Strike	6.00	FYI, in % = 3.00%
Low Correl	0.00%	
High Correl	15.00%	

IsAmericanFloatLeg	TRUE
IsAmericanFixedLeg	TRUE

With Greeks	TRUE
Hedging CDS	
Spread Reference	
IsAmericanFloatLeg	TRUE
IsAmericanFixedLeg	TRUE

Integration Period	1m
Loss Unit	

No.	Issuer Name	Nominal	Beta Addon	Recovery
1	ABNAMRO_MMR.EUR.SU	0.80		
2	Accor_MMR.EUR.SU	0.80		
3	Adecco_MMR.EUR.SU	0.80		
4	Aegon_MMR.EUR.SU	0.80		
5	AkzoNobel_MMR.EUR.SU	0.80		
6	Allianz_MMR.EUR.SU	0.80		
7	Altadis_MMR.EUR.SU	0.80		

Calculate ? TRUE

NPV (Dirty)	0.000	0.009%			
FloatLeg	0.118	3.918%			
FixedLeg	0.117	3.909%			
ATM spread	0.852%	0.852%			
bpv	4.5987	4.5987			
Comp. time	0:05:11	0:05:11	Leverage	5.35	

No.	dPV	dHedge	delta not. (CDS Crncy)	delta not. (CDO Crncy)	dPV(dBeta)	Name
1	0.0000	0.0005	0.10431	0.10431	-0.00005	ABNAMRO_MMR
2	0.0001	0.0005	0.12178	0.12178	-0.00007	AXA_MMR
3	0.0002	0.0011	0.13832	0.13832	0.00002	ACCOR_MMR
4	0.0002	0.0015	0.14037	0.14037	0.00011	ADECCO_MMR
5	0.0001	0.0005	0.12234	0.12234	-0.00007	AEGON_MMR
6	0.0001	0.0007	0.13188	0.13188	-0.00005	AKZONOBEL_MMR
7	0.0001	0.0005	0.11757	0.11757	-0.00007	ALLIANZ_MMR
8	0.0001	0.0005	0.12697	0.12697	-0.00006	ALTADIS_MMR