

This Settlement Agreement (“Agreement”) is entered into between (a) the United States acting through the United States Department of Justice (“Department of Justice”) and (b) Société Générale S.A. (“SocGen” or the “Bank”). The United States and SocGen are collectively referred to herein as “the Parties.”

### RECITALS

A. The United States Attorney’s Office for the Eastern District of New York conducted an investigation of the marketing, structuring, sponsorship, arrangement, underwriting, issuance, and sale of residential mortgage-backed securities (“RMBS”) and a collateralized debt obligation (“CDO”) by certain affiliates of SocGen, including but not limited to SG Mortgage Finance Corp. and SG Mortgage Securities, LLC. Based on that investigation, the United States believes that there is an evidentiary basis to compromise potential legal claims by the United States against SocGen for violations of federal laws in connection with SocGen’s marketing, structuring, arrangement, underwriting, issuance, and sale of RMBS and the CDO described below.

B. SocGen acknowledges the facts set forth in the Statement of Facts, attached hereto as Annex 1 and hereby incorporated.

C. In consideration of the mutual promises and obligations of this Agreement, the Parties agree and covenant as follows:

### TERMS AND CONDITIONS

1. **Payment.** SocGen shall pay a total amount of \$50,000,000 to resolve pending and potential claims in connection with the “Covered Conduct,” as defined below (the “Settlement Amount”). Pursuant to the subsequent provisions of this Paragraph 1, the Settlement Amount will be deposited in the United States Treasury.

Within 15 business days of receiving written payment processing instructions from the Department of Justice, United States Attorney's Office for the Eastern District of New York, SocGen shall pay the Settlement Amount by electronic funds transfer to the Department of Justice. The Settlement Amount, and no other amount, is a civil monetary penalty recovered pursuant to Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA"), 12 U.S.C. §1833a.

2. **Covered Conduct.** "Covered Conduct" as used herein is defined as the creation, pooling, structuring, sponsorship, arranging, formation, packaging, marketing, underwriting, sale, or issuance of SG Mortgage Securities Trust 2006-OPT2, SG Mortgage Securities Trust 2007-NC1, SG Mortgage Securities Trust 2007-AHL1, and Kleros Preferred Funding VIII (together, the "Covered Securities"). Covered Conduct includes representations, disclosures, or non-disclosures to investors in the Covered Securities made in connection with the activities set forth above, where the representation, disclosure, or non-disclosure involves information about or obtained during the process of securitizing or underwriting the Covered Securities. Covered Conduct does not include: (i) conduct relating to the origination of residential mortgages, except representations, disclosures, or non-disclosures to investors in the Covered Securities about origination of, or about information obtained in the course of originating, such loans; (ii) the servicing of residential mortgage loans, except representations, disclosures, or non-disclosures to investors in the Covered Securities about servicing, or information obtained in the course of servicing, such loans; or (iii) representations, disclosures, or non-disclosures made in connection with other derivative securities, or the trading of RMBS, except to the extent that the representations, disclosures, or non-disclosures are related to the

offering materials for the Covered Securities.

3. **Cooperation.** Until the date upon which all investigations and any prosecution arising out of the Covered Conduct are concluded by the Department of Justice, whether or not they are concluded within the term of this Agreement, SocGen shall, subject to applicable laws or regulations: (i) cooperate fully with the Department of Justice (including the Federal Bureau of Investigation) and any other law enforcement agency designated by the Department of Justice regarding matters arising out of the Covered Conduct, including, but not limited to, investigation, prosecution of, or litigation against any current or former officer or employee of SocGen; (ii) assist the Department of Justice in any investigation or prosecution arising out of the Covered Conduct by providing logistical and technical support for any meeting, interview, grand jury proceeding, or any trial or other court proceeding; (iii) use its best efforts to secure the attendance and truthful statements or testimony of any officer, director, agent, or employee of any of the entities released in Paragraph 6 at any meeting or interview or before the grand jury or at any trial or other court proceeding regarding matters arising out of the Covered Conduct; and (iv) provide the Department of Justice, upon request, all non-privileged information, documents, records, or other tangible evidence regarding matters arising out of the Covered Conduct about which the Department or any designated law enforcement agency inquires.

4. **Releases by the United States.** Subject to the exceptions in Paragraph 5 (“Excluded Claims”), and conditioned upon SocGen’s full payment of the Settlement Amount, by executing this Agreement, the United States fully and finally releases SocGen, each of its current and former parents, subsidiaries and affiliated entities, and each of their respective

successors and assigns (collectively, the "Released Entities"), from any civil claim the United States has against the Released Entities for the Covered Conduct arising under FIRREA; the False Claims Act, 31 U.S.C. §§ 3729, *et seq.*; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801, *et seq.*; the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. §§ 1961, *et seq.*; the Injunctions Against Fraud Act, 18 U.S.C. § 1345; common law theories of negligence, payment by mistake, unjust enrichment, money had and received, breach of fiduciary duty, breach of contract, misrepresentation, deceit, fraud, and aiding and abetting any of the foregoing; or that the Civil Division of the Department of Justice has actual and present authority to assert and compromise pursuant to 28 C.F.R. § 0.45.

5. **Excluded Claims.** Notwithstanding the releases in Paragraph 4 of this Agreement, or any other term(s) of this Agreement, the following claims are specifically reserved and are not released by this Agreement:

- a. Any criminal liability;
- b. Any liability of any individual;
- c. Any liability arising under Title 26 of the United States Code (the Internal Revenue Code);
- d. Any liability to or claims of the National Credit Union Administration ("NCUA");
- e. Any liability to or claims of the United States of America, the Department of Housing and Urban Development/Federal Housing Administration, the Federal Housing Finance Agency, the Department of Veterans Affairs, or Fannie Mae or Freddie Mac relating to whole loans insured, guaranteed, or purchased by the Department of Housing and Urban Development/Federal Housing Administration, the Department of Veterans Affairs, Fannie Mae, Freddie Mac or Ginnie Mae, the Securities Exchange Commission, the Federal Reserve, the United States Department of Agriculture, the Office of the Comptroller of Currency, Federal Deposit Insurance Corporation, the Treasury Department, the Commodity Futures Trading Commission, the Consumer Financial

Protection Bureau, except claims based on or arising from the securitizations of any such loans in the Covered Securities;

- e. Any administrative liability, including the suspension and debarment rights of any federal agency; and
- f. Any liability based upon obligations created by this Settlement Agreement.

6. **Releases by SocGen.** SocGen and any current or former affiliated entity and any of its respective successors and assigns fully and finally releases the United States and its officers, agents, employees, and servants, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that SocGen has asserted, could have asserted, or may assert in the future against the United States and its officers, agents, employees, and servants, related to the Covered Conduct to the extent released hereunder and the investigation and civil prosecution to date thereof.

7. **Waiver of Potential FDIC or NCUA Indemnification Claim by SocGen.** SocGen hereby irrevocably waives any right that it otherwise might have to seek (and in any event agrees that it shall not seek) any form of indemnification, reimbursement or contribution from the Federal Deposit Insurance Corporation ("FDIC") in any capacity, including the FDIC in its Corporate Capacity or the FDIC in its Receiver Capacity, or the NCUA, in any capacity, for any payment under this Agreement.

8. **Waiver of Potential Defenses by SocGen.** SocGen and any current or former affiliated entity (to the extent that SocGen retains liability for the Covered Conduct associated with such affiliated entity) and any of their respective successors and assigns waive and shall not assert any defenses SocGen may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the

Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

9. **Unallowable Costs Defined.** All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47) incurred by or on behalf of SocGen, and its present or former officers, directors, employees, shareholders, and agents in connection with:

- a. the matters covered by this Agreement;
- b. the United States' audit(s) and civil investigation(s) of the matters covered by this Agreement;
- c. SocGen's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil and any criminal investigation(s) in connection with the matters covered by this Agreement (including attorneys' fees);
- d. the negotiation and performance of this Agreement; and
- e. the payment SocGen makes to the United States pursuant to this Agreement,

are unallowable costs for government contracting purposes (hereinafter referred to as "Unallowable Costs").

10. **Future Treatment of Unallowable Costs.** Unallowable Costs will be separately determined and accounted for by SocGen, and SocGen shall not charge such Unallowable Costs directly or indirectly to any contract with the United States.

11. This Agreement is governed by the laws of the United States. The Parties agree that the exclusive jurisdiction and venue for any dispute relating to this Agreement is the United States District Court for the Eastern District of New York.

12. This Agreement is intended for the benefit of the Parties only and does not create any third-party rights.

13. The Parties acknowledge that this Agreement is made without any trial or

adjudication or judicial finding of any issue of fact or law, and is not a final order of any court or governmental authority.

14. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

15. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

16. Nothing in this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for the purposes of the Internal Revenue laws, Title 26 of the United States Code.

17. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties and shall not, therefore, be construed against any Party for that reason in any dispute.

18. This Agreement constitutes the complete agreement between the Parties.

19. This Agreement may not be amended except by written consent of the Parties.

20. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

21. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

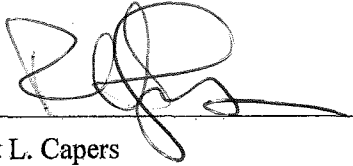
22. This Agreement is binding on SocGen's successors, transferees, heirs, and assigns.

23. All Parties consent to the public disclosure of this Agreement, and information about this Agreement, by SocGen and the United States.

24. This Agreement is effective on the date of signature of the last signatory to the

Agreement. Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

For the United States of America:

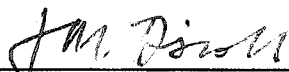
A handwritten signature in black ink, appearing to be "R. Capers", written over a horizontal line.

Robert L. Capers  
United States Attorney  
Eastern District of New York  
271 Cadman Plaza East  
Brooklyn, New York 11201  
Phone: (718) 254-7000

Dated: 1/20/17



For SocGen:



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John M. Driscoll  
Head - Litigation,  
Enforcement & Investigations  
Société Générale - Americas  
245 Park Avenue  
New York, New York 10167

Dated: January 19, 2017