



NEWS RELEASE

Jul 28, 2022

R&I Affirms A, Stable: Societe Generale

Rating and Investment Information, Inc. (R&I) has announced the following:

ISSUER: Societe Generale
Issuer Rating: A, Affirmed
Rating Outlook: Stable

RATIONALE:

Societe Generale (SG) is a large financial institution in France. It offers retail banking, insurance, leasing, investment banking and other businesses in and outside France. Its franchise is solid in the domestic market. Excluding the Russia related businesses, earnings are robust. R&I believes that the loss associated with the Russia businesses will have only a limited impact on the Group's risk resilience. Liquidity is also adequate. In consideration of these factors, R&I has affirmed the Issuer Rating at A.

Thanks to earnings sources that have relatively diversified, the Group's earning capacity is at a satisfactory level. In the January-March 2022 period, the Group logged a year-on-year increase in revenues and profits. The Global Markets and Investor Services division showed a strong performance in both equities and fixed income. On the back of an economic recovery from the COVID-19 pandemic, the French Retail Banking division and the International Retail Banking and Financial Services division (IBFS) also achieved higher revenues. In IBFS, net income of the Russian activities turned into a net loss due to a rise in credit costs. IBFS as a whole continued to record net income. In May 2022 SG sold its entire share in Rosbank and its Russian insurance subsidiaries, while the bank's ALD Automotive subsidiaries which operate in Russia, Kazakhstan and Belarus, no longer conclude new commercial transactions. As a result of the sale, SG expects to post a net loss of around 3.2 billion euros in the April-June 2022 period. It is essential to enhance earning capacity continuously in addition to remaining profitable. Eyes are on the Group's medium-term plan to be revised in August 2022.

As of end-March 2022, the Group's Common Equity Tier 1 (CET1) ratio decreased by 0.6 percentage points year on year to 12.9%, including IFRS9 phasing. The Group aims for a CET 1 ratio between approximately 200-250 basis points (bps) above the maximum distributable amount (MDA), including a negative effect from the entry into force of the new Basel regulation. The Group's CET1 ratio at end-March 2022 was around 370 bps above the MDA. The loss associated with its exit from Russia, such as the sale of subsidiaries, is expected to have an adverse impact of about 7 bps, and R&I considers the impact on the Group's risk resilience to be limited. Although an additional 40 bps negative impact is anticipated from the proposed acquisition of the Netherlands-based LeasePlan, the Group will likely maintain a CET1 ratio that exceeds its target.

The Group's credit cost ratio for the January-March 2022 period rose by 18 bps (10 bps excluding the Russian activities; hereinafter the same) from a year earlier to 39 bps (31 bps). Among its three core businesses, IBFS, including the Russian activities, had the highest credit cost ratio of 92 bps (59 bps). The Group expects the credit cost ratio for the 2022 full year to be between 30 bps and 35 bps, unchanged from the guidance for the previous year. Higher inflation and dollar appreciation may have a greater impact on countries in central and eastern Europe and Africa than on France. R&I will pay attention to how the authorities' shift to monetary tightening, among other factors, affects the Group's asset quality.

The loan to deposit ratio is around 90%. The average liquidity coverage ratio for the January-March 2022 period was relatively high at 137%, exceeding the regulatory requirement of 100%. Liquidity concerns are therefore small.

The primary rating methodologies applied to this rating are provided at "R&I's Basic Methodology for Corporate Credit Ratings", "Shared Rating Approach for Financial Institutions, etc.", "Depository Financial

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Institutions" and "R&I's Analytical Approach to Regulatory Capital Instruments and Financial Institutions". The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

https://www.r-i.co.jp/en/rating/about/rating_method.html

R&I RATINGS:

ISSUER: Societe Generale
Issuer Rating
RATING: A, Affirmed
RATING OUTLOOK: Stable

Japanese Yen Sub. Bonds No.1	Issue Date	Maturity Date	Issue Amount (mn)
	Jun 12, 2015	Jun 12, 2025	JPY 27,800
RATING:	A-, Affirmed		

Japanese Yen Sub. Flt. Rate Bonds No.3	Issue Date	Maturity Date	Issue Amount (mn)
	Jun 12, 2015	Jun 12, 2025	JPY 2,500
RATING:	A-, Affirmed		

Japanese Yen Bonds No.8	Issue Date	Maturity Date	Issue Amount (mn)
	Jun 03, 2016	Jun 02, 2023	JPY 53,700
RATING:	A, Affirmed		

Japanese Yen Sub. Bonds No.4	Issue Date	Maturity Date	Issue Amount (mn)
	Jun 03, 2016	Jun 03, 2026	JPY 15,000
RATING:	A-, Affirmed		

Japanese Yen Bonds No.9	Issue Date	Maturity Date	Issue Amount (mn)
	Jun 03, 2016	Jun 03, 2026	JPY 4,100
RATING:	A, Affirmed		

Japanese Yen Senior Non-Preferred Bonds No.2	Issue Date	Maturity Date	Issue Amount (mn)
	May 26, 2017	May 26, 2027	JPY 42,400
RATING:	A-, Affirmed		

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JPY Sub. Callable Notes due 13 April 2028	Issue Date	Maturity Date	Issue Amount (mn)
	Apr 13, 2018	Apr 13, 2028	JPY 6,500
RATING:	A-, Affirmed		
Japanese Yen Senior Non-Preferred Bonds No.3	Issue Date	Maturity Date	Issue Amount (mn)
	Oct 12, 2018	Oct 12, 2023	JPY 115,400
RATING:	A-, Affirmed		
Japanese Yen Senior Non-Preferred Bonds No.4	Issue Date	Maturity Date	Issue Amount (mn)
	Oct 12, 2018	Oct 10, 2025	JPY 14,500
RATING:	A-, Affirmed		
Japanese Yen Senior Non-Preferred Bonds No.5	Issue Date	Maturity Date	Issue Amount (mn)
	Oct 12, 2018	Oct 12, 2028	JPY 30,100
RATING:	A-, Affirmed		
JPY Sub. Callable Notes due 30 June 2031	Issue Date	Maturity Date	Issue Amount (mn)
	Jun 30, 2021	Jun 30, 2031	JPY 7,000
RATING:	A-, Affirmed		