

March 3, 2022

Rating Object

Société Générale SA
Crédit du Nord SA

LT Issuer Rating incl. Outlook / Watch,

BBB+ / NEW,
BBB+ / NEW,

Issue Ratings PSU / NPS / T2 / AT1

BBB+ / BBB / BB / BB- (NEW)
BBB+ / BBB / BB / BB- (NEW)

Date of Inception / Disclosure to Rated Entity / Maximum Validity:

Rating Object

Société Générale SA
Crédit du Nord SA

Date of Inception

03.03.2022
03.03.2022

Disclosure to Rated Entity

03.03.2022
03.03.2022

Maximum Validity

until withdrawn
until withdrawn

There occurred no changes after the communication of the rating to the rating object.

Rating Summary:

Société Générale SA (in the following: SG) maintains a significant foreign presence in the Russian Federation. In the wake of the Russian-Ukrainian war, the "positive" outlook is withdrawn and a status "watch (negative)" is assigned in view of this notable exposure. The LT Issuer Rating is confirmed. All Issue Ratings (AT1, T2, NPS, PSU) also receive the status "watch (negative)".

Primary Key Rating Driver:

- The sanctions imposed on Russia in response to the Russian-Ukrainian war have far-reaching implications for financial actors doing business in Russia.
- SG has significant risk exposure through its Russian subsidiary.
- The impact of the sanctions on the ease of doing business, credit worthiness and general access to the Russian market cannot yet be estimated, but will in all likelihood be negative.

Rating Scenarios:

Please note: The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

Best-case scenario: A+

In a scenario analysis, the bank is able to reach an A+ rating in the best-case scenario and a BBB rating in the worst-case scenario. The ratings of bank capital and senior unsecured debt would behave similarly based on our rating mechanism. These ratings are especially sensitive to changes in total equity and to the bank capital and debt structure in general.

We might upgrade SG's long-term issuer credit rating and its bank capital and debt instruments if we see a lasting return to profitability. In addition, there should not be any further decline in asset-quality and capitalization.

Worst-case scenario: BBB

By contrast, a downgrade of SG's long-term issuer credit rating and its bank capital and debt instruments is likely, if profitability does not improve in the medium term, there is a lasting deterioration in asset-quality and capitalization declines further.

Environmental, Social and Governance (ESG) Score Card

SG has one significant and two moderate ESG rating drivers

- Corporate Governance is identified as a highly significant rating driver but is rated neutral in terms of the CRA ESG criteria. The relevance for the credit rating results from the impact of the Corporate Governance factor on all other ESG factors and the overall well-being of the bank. This sub-factor is rated neutral in light of the Bank reporting negative earnings due to the COVID-19 crisis, as one of the few large European lenders to do so, mitigated by its status as G-SIB and stable leadership

ESG Score

3,4 / 5

- Corporate Behaviour and Green Financing / Promoting are identified as moderate rating driver. While Green Financing / Promoting is rated positive due to fair amount of green bonds, Coporate Behaviour is rated negative due the misconduct in recent years in relation with money laundering, fraud, corruption investigations and plentitude of lawsuits pending.

ESG Score Guidance	
> 4,25	Outstanding
>3,5 - 4,25	Above-average
>2,5 - 3,5	Average
>1,75 - 2,5	Substandard
<= 1,75	Poor

Factor	Sub-Factor	Consideration	Relevance Scale 2021	Eval.
Environmental	1.1 Green Financing / Promoting	The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	3	(+)
	1.2 Exposure to Environmental Factors	The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	1.3 Resource Efficiency	The sub-factor "Resource Efficiency" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)

Social	2.1 Human Capital	The sub-factor "Human Capital" has low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	2.2 Social Responsibility	The sub-factor "Social Responsibility" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)

Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	4	()
	3.2 Corporate Behaviour	The sub-factor "Corporate Behaviour" has a moderate relevance for the credit rating, and is rated negative in terms of the CRA ESG criteria.	3	(-)
	3.3 Corporate Transparency	The sub-factor "Corporate Transparency" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)

ESG Relevance Scale	
5	Highest Relevance
4	High Relevance
3	Moderate Relevance
2	Low Relevance
1	No significant Relevance

ESG Evaluation Guidance	
(+ +)	Strong positive
(+)	Positive
()	Neutral
(-)	Negative
(- -)	Strong negativ

The ESG Score is based on the Methodology "Environmental, Social and Governance Score of Banken (Version 1.0)" of Creditreform Rating AG, which is available on our homepage <https://creditreform-rating.de/en/about-us/regulatory-requirements.html>. In addition, we refer to CRA's position paper "Considering the Impact of ESG Factors".

A general valid description of Creditreform Rating AG, as well as a valid description of bank ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found here: <https://www.creditreform-rating.de/de/wir-ueber-uns/regulatorische-anforderungen.html?file=files/content/downloads/Externes%20Rating/Regulatorische%20Anforderungen/DE/Ratingmethoden%20DE/The%20Impact%20of%20ESG%20Factors%20on%20Credit%20Ratings.pdf>

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Rating History:

Bank Issuer Rating	Rating Date	Result
Initialrating	23.05.2018	BBB+ / stable / L2
Rating Update	16.08.2019	BBB+ / stable / L2
Monitoring	24.03.2020	BBB+ / NEW / L2
Rating Update	17.11.2020	BBB+ / negative / L3
Rating Update	24.11.2021	BBB+ / positive / L3
Monitoring	03.03.2022	BBB+ / NEW / L3
Bank Capital and Debt Instruments	Rating Date	Result
Senior Unsecured / T2 / AT1 (initial)	23.05.2018	BBB+ / BB / BB-
PSU / NPS / T2 / AT1	16.08.2019	BBB+ / BBB / BB / BB-
PSU / NPS / T2 / AT1	24.03.2020	BBB+ / BBB / BB / BB- (NEW)
PSU / NPS / T2 / AT1	17.11.2020	BBB+ / BBB / BB / BB-
PSU / NPS / T2 / AT1	24.11.2021	BBB+ / BBB / BB / BB-
PSU / NPS / T2 / AT1	03.03.2022	BBB+ / BBB / BB / BB- (NEW)
Subsidiaries of the Bank	Rating Date	Result
Crédit du Nord SA		
Initialrating	23.05.2018	BBB+ / stable / L2
Rating Update	16.08.2019	BBB+ / stable / L2
Monitoring	24.03.2020	BBB+ / NEW / L2
Rating Update	17.11.2020	BBB+ / negative / L3
Rating Update	24.11.2021	BBB+ / positive / L3
Monitoring	03.03.2022	BBB+ / NEW / L3
Bank Capital and Debt Instruments of Crédit du Nord SA		
Senior Unsecured / T2 / AT1 (Initial)	14.12.2018	BBB+ / BB / BB-
PSU / NPS / T2 / AT1	29.11.2019	BBB+ / BBB / BB / BB-
PSU / NPS / T2 / AT1	24.03.2020	BBB+ / BBB / BB / BB- (NEW)
PSU / NPS / T2 / AT1	17.11.2020	BBB+ / BBB / BB / BB-
PSU / NPS / T2 / AT1	24.11.2021	BBB+ / BBB / BB / BB-
PSU / NPS / T2 / AT1	03.03.2020	BBB+ / BBB / BB / BB- (NEW)

Please consult our website www.creditreform-rating.de for additional information regarding the dates of publication.

Status of Solicitation and Information Basis:

The present rating is an **unsolicited** rating. The rating object participated in the creation of the rating as follows:

With rated entity or related third party participation	No
With access to internal documents	No
With access to management	No

Rating Methodology:

Rating Methodology	Version	Website
Rating Methodology Bank Ratings	3.0	https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html
Rating Methodology Bank Capital and Unsecured Debt Instruments	2.0	https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html
Methodology Environmental, Social and Governance Score for Banks	1.0	https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html
Rating Criteria and Definitions	1.3	https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html

Regulatory requirements:

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

Rating Endorsement Status: The rating of Société Générale SA and its subsidiaries was not endorsed by Creditreform Rating AG from a third country as defined in Article 4 (3) of the CRA-Regulation.

Conflict of interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or in approving credit ratings and rating outlooks.

In the event of providing ancillary services to the rated entity, Creditreform Rating AG will disclose all ancillary services in the credit rating report.

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The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our policy "Rating Committee," all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, CRA has used following substantially material sources:

1. Aggregated data base by eValueRate
2. Annual Report and interim reports
3. Investors relations information and other publications
4. Website of the rated bank
5. Public and internal market analyses
6. Internet research

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.

Between the disclosure of the credit rating to the rated entity and the public disclosure no amendments were made to the credit rating.

The "Basic data" information card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In case where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating and indicates how the different methodologies or these other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions, such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings as well as best-case scenario credit ratings are explained in mentioned methodologies and / or in the credit rating report.

The date at which the credit rating was released for distribution for the first time and when it was last updated including any rating outlooks is indicated clearly and prominently in the "Basic data" card as a "Rating action"; first release is indicated as "initial rating", other updates are indicated as an "update", "upgrade or downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within „Basic data“ information card.

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Requested data are available at the ESMA website: <https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>.

An explanatory statement of the meaning of Creditreform's default rates are available in the credit rating methodologies disclosed on the website.

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