

# Registration Document

pursuant to Article 20(1) in connection with Article 10(1) of Regulation (EU) 2017/1129 of the European Parliament and of the Council (the "**Prospectus Regulation**") in conjunction with Article 7 and Annex 6 of the Commission Delegated Regulation (EU) 2019/980 (the "**Delegated Regulation**")

of

**Société Générale**

dated

**17 June 2020**

(the "**Registration Document**")

This Registration Document expires on 17 June 2021. The obligation to supplement this Registration Document in the event of significant new factors, material mistakes or material inaccuracies does not apply when this Registration Document is no longer valid.

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## I. RISK FACTORS RELATED TO SOCIÉTÉ GÉNÉRALE

This section describes the material and specific risks of Société Générale and its subsidiaries and affiliates (the "**Société Générale Group**" or the "**Group**").

These following risk factors are presented in risk categories (section 1. to section 6.) depending on their nature whereby in each risk category the two most material risk factors according to Société Générale are set out first. However, where a risk category contains one or two risk factors only, these risks are set out first. The respective most material risk factors are **marked in grey**. The risk factors which are not marked in grey are not ranked in order of their materiality within the respective category.

The assessment of materiality of each risk factor has been made by Société Générale as of the date of this Registration Document on the basis of the probability of their occurrence and the expected magnitude of their negative impact. The assessment of materiality is disclosed by specifying whether a risk:

- results in **losses** or in **impacts/effects** or **adversely or negative impacts/effects** on any or all of the asset value, financial position, business, results of operations, financial conditions, cost of risk of the Group. In this context the expressions "material" and "significant" denote a higher expected magnitude of materiality of the respective risk. As a result of the occurrence of any such risks, the market value of securities which are issued or guaranteed by Société Générale can fall significantly and investors in such securities may lose parts of their investment; or
- has a **material adverse effect** on any or all of the business, operations, financial conditions, cost of risk or prospects of the Group, which denotes an even higher expected magnitude of materiality of the respective risk. If any of such denoted risks materialise, the market value of securities which are issued or guaranteed by Société Générale can fall significantly or even to zero. Furthermore, Société Générale may not be able to fulfil its obligations under securities which are issued or guaranteed by it. Accordingly, investors in securities which are issued or guaranteed by Société Générale may lose parts of their investment or their entire investment (**risk of total loss**).

### 1. Risks related to the macroeconomic, market and regulatory environments

#### 1.1. Risks Related to the coronavirus pandemic (COVID-19)

In December 2019, a new strain of coronavirus (COVID-19) emerged in China. The virus has since spread to numerous countries around the world and the World Health Organization declared the outbreak of a pandemic in March 2020.

The measures taken by national governments in response to the outbreak (border closures, lockdown measures, restrictions on certain economic activities, etc.) have and may continue to have a significant impact, both direct and indirect, on global economic activity and financial markets.

The sharp recession experienced by the most affected countries and the reduced world trade will continue to have a negative impact on the global economic environment as long as global production, investments, supply chains and consumer demand are affected, thereby impacting the Group's business and that of its customers and counterparties.

In many jurisdictions in which the Group operates, national governments and central banks

have taken or announced exceptionally impactful measures to support the economy (government-guaranteed loan facilities programs, tax deferrals, facilitated recourse to part-time working, compensation, etc.) or to improve liquidity in financial markets (asset purchases, etc.). Thus, as part of the French government-guaranteed loan facilities program for a maximum amount of EUR 300 billion, the Group has adapted its granting processes to handle the massive flow of applications. The Group has taken exceptional measures to financially support its customers and help them overcome the effects of the COVID 19 pandemic on their activities and income. The Group also supports its clients abroad in the framework of public or private moratoriums or government-guaranteed loan facilities. These measures require the Group to reallocate resources and to adapt its granting and management processes.

The lockdown measures taken in several of the main countries where the Group operates (with Western Europe representing 67% of the Group's EAD (Exposure at Default) as of 31 December 2019, of which 45% is in France) are significantly reducing economic activity and will lead many countries to face economic recessions. A significant extension of these measures could increase the magnitude and duration of such recessions. This combined with a high level of indebtedness of national governments and certain economic actors could constitute a brake on the recovery and lead to significant adverse repercussions on the quality of the Group's counterparties and the level of non-performing loans for both corporate and individual customers.

Within the Corporate portfolio, the most impacted sectors to date are the automotive sector (0.9% of the Group's total exposure as of 31 December 2019), tourism (0.5% of the Group's total exposure), air transport and aeronautics (less than 0.5% of the Group's total exposure) and maritime transport (less than 1% of the Group's total exposure). The oil and gas sector has been strongly impacted by a drop in demand due to the pandemic and by the initially uncoordinated actions on supply from several producing countries such as the OPEC countries and Russia, resulting in a sharp drop in the price per barrel and enhanced price volatility. Within the Corporate portfolio, this sector represented approximately 2.2% of the Group's total exposure as of 31 December 2019.

This context should lead to a significant increase in the Group's cost of risk and in the amount of provisions for credit risk, despite the government-guaranteed loan facilities programs implemented by national governments which only cover partially the risk exposures.

For information purposes, the cost of risk was 65 basis points as of 31 March 2020. As of 30 April 2020, a cost of risk of approximately 70 basis points is expected over 2020 in the considered basic Covid scenario (notably with a 6.8% decrease of the GDP in 2020 for the euro zone in particular) and approximately 100 basis points in the event of a prolonged activity shutdown scenario (notably with a 12.8% decrease of the GDP in 2020 for the euro zone).

The Group's results and financial position will be affected by unfavorable developments in global financial markets (extreme volatility, sharp decline in the equity and index markets, pressure on spreads, unexpected declines in dividends distribution, etc.). These exceptional conditions are particularly affecting the management of structured financial instruments whose underlyings are equity products. For instance, risk-weighted assets (RWA) related to market risk were up 35% in Q1 2020 compared to the previous quarter, representing an amount of EUR 19.5 billion.

This situation could continue to have an adverse impact on the Group's capital markets activities: decline in activity, higher hedging costs, trading losses, valuation issues, increase in market risk reserves, reduction in liquidity on certain markets, operational losses related to capital markets activities, etc.

For example, the Global Markets and Investor Services sector, which mainly concentrates the

Group's market risks, represented a net banking income of EUR 5 billion, or 21% of the Group's total revenues in 2019. Market activities also generated a net banking income of EUR 0.6 billion in Q1 2020 compared to EUR 1.1 billion in Q1 2019.

Lockdown measures have also led the Group to massively implement remote working arrangements, particularly in a significant part of its market activities, which could lead to new types of operational incidents or increase the risk of cyber-attacks faced by the Group. These risks may even further increase by an extension of the lockdown period or by the renewal of remote working arrangements in the event of new epidemic waves. In addition, all employees remain subject to health risks at the individual level, with potential impacts in terms of organisation in the event of prolonged absence of such individuals.

Following the European Central Bank's recommendation of 27 March 2020 to Euro-zone financial institutions to suspend dividend distributions and share buyback programs in light of the COVID-19 pandemic until at least October 2020, the Board of Directors' meeting of 31 March 2020 decided to discontinue the proposed dividend payment for the 2019 financial year. During the second half of 2020, the Board of Directors will propose guidelines for dividends distribution to shareholders. In addition, as part of the support measures and actions taken by central banks and national governments, the Group could be subject to further restrictions or receive additional recommendations relating to the management of its activities, as well as on its distribution and capital allocation policies. Eventually, further restrictions on the payment of dividends, enhanced by public opinion pressure, cannot be ruled out at this stage.

The deterioration of the economic environment and its related impact on the Group could increase the risk of seeing its external ratings being downgraded. In addition, the ratings of the French government could also be downgraded, in particular as a result of an increase in its indebtedness and public deficits. These factors could have an adverse impact on the cost of the Group's financing and its access to liquidity.

Uncertainty as to the duration and impact of the COVID-19 pandemic makes it difficult to predict the impact of such outbreak on the global economy. The consequences for the Group will depend on the duration of the pandemic, the measures taken by national governments and central banks and the developments in the health, economic, financial and social context.

Therefore, the COVID-19 pandemic and its economic consequences could have a material adverse effect on the Group's business, operations and financial position.

## **1.2. Risks related to the global economy and financial markets**

As a global financial institution, the Group's activities are sensitive to changes in financial markets and economic conditions generally in Europe, the United States and elsewhere around the world. The Group generates 47% of its business in France (in terms of 2018 net banking income), 34% in Europe, 6% in the Americas and 13% in the rest of the world. The Group could face a significant deterioration in market and economic conditions resulting from, in particular, crises affecting capital or credit markets, liquidity constraints, regional or global recessions, sharp fluctuations in commodity prices (notably oil), currency exchange rates or interest rates, inflation or deflation, rating downgrades, restructuring or defaults of sovereign or private debt, or adverse geopolitical events (including acts of terrorism and military conflicts). Such events, which may develop quickly and thus potentially may not be anticipated and hedged, could affect the operating environment for the Group for short or extended periods. In recent years, the financial markets have thus experienced significant disruptions resulting from concern over the trajectory of the sovereign debt of several euro-zone countries, Brexit (for further details refer to the risk factor "1.5 Risks related to Brexit"), the persistence of commercial tensions (especially between the United States and China), fears of a cyclical slowdown growth (particularly in

China) and more recently the economic effects of the spread of the Covid-19 coronavirus. These factors are likely to weaken several economic sectors and consequently the credit quality of the players concerned, which could negatively affect the Group's activities and results. Geopolitical risks also remain high and the accumulation of different risks is an additional source of instability which could also weigh on economic activity and demand for credit, while increasing the volatility of financial markets. Developments related to the Covid-19 coronavirus remain a source of uncertainty. It has already resulted in a sharp drop in activity in the most affected areas (China, South Korea, Japan, Italy and Iran to date) and should have repercussions on world demand and via the disruption of value chain. This crisis affects both supply and demand, which complicates the appropriate economic policy response. Authorities in the most affected countries could take measures to support businesses in difficulty. The financial markets can be an accelerator of the economic crisis in the event of a marked and lasting fall in asset prices. To this end, the Global Markets, mainly investment structured products on equities, were already impacted by exceptional market dislocations of the end of the first quarter 2020 due to Covid-19. If the epidemic were to be contained in the coming weeks, the effects on global activity would be concentrated in the second quarter of 2020 and a rebound in the second half would partially offset the effects observed in the first semester. For information, 6% of the Group's exposure (Exposure at Default or "EAD") is concentrated in the Asia Pacific region and 2% is in Italy.

The long period of low interest rates in the Eurozone and the United States, driven by accommodating monetary policies, has affected, and could continue to affect, the Group's net interest margin (which stood at 4 billion euros in 2019 for Retail Banking in France). Furthermore, this context of low interest rates tends to lead to an increased risk appetite of some participants in the banking and financial system which could result in excessive risk-taking, lower risk premiums compared to their historical average and high valuation levels of certain assets. The current economic slowdown could also lead to excessive risk-taking.

Furthermore, the environment of abundant liquidity that has been at the origin of the upturn in credit growth in the Eurozone and particularly in France could lead to additional regulatory measures from the supervisory authorities in order to limit the extension of credit or to further protect banks against a financial cycle downturn.

Lastly, the increase or accumulation of geopolitical or political risks (in particular in the Middle East) is another source of uncertainty which, in case of military conflict, could impact global economic activity and credit demand, while increasing the volatility of financial markets.

Therefore, the aforementioned developments could have a material adverse effect on the Group's businesses, cost of risk, financial position and results of operations.

### **1.3. Risks related to the regional market exposures of the Group**

The Group's results are significantly exposed to economic, financial and political conditions in the principal markets in which it operates.

At 31 December 2019, 90% of the Group's credit and counterparty risk EAD was concentrated in Europe and the United States (accounting for 90% of EAD), with a predominant exposure to France (45% of EAD). The other exposures concern Western Europe excluding France (accounting for 22%), North America (accounting for 14%), Eastern European members of the European Union (accounting for 7%) and Eastern Europe excluding the European Union (accounting for 2%).

In France, the Group's principal market, the good growth performance during the 2016-2019 period and low interest rates have fostered an upturn in the housing market. A reversal of activity in this area could result in a decreasing demand for loans and in higher rates of non-

performing loans.

The Group also operates in emerging markets, such as Russia (2% of the Group's exposure to credit and counterparty risk at 31 December 2019) and Africa and the Middle East (4% of the Group's credit exposure at 31 December 2019). These markets may be adversely affected by uncertainty factors and specific risks, such as a significant decline in oil prices since the beginning of coronavirus Covid-19 epidemic, which, if it were to last beyond several quarters, would deteriorate the financial health of producing countries. The correction of macroeconomic or budgetary imbalances that would result could be imposed by the markets with an impact on growth and on exchange rates. Another source of uncertainty comes from the enforcement of international sanctions against certain countries such as Russia. In the longer term, the energy transition to a "low-carbon economy" could adversely affect fossil energy producers, energy-intensive sectors of activity and the countries that depend on them. In addition, capital markets (including foreign exchange activity) and securities trading activities in emerging markets may be more volatile than those in developed markets and may also be vulnerable to certain specific risks, such as political instability and currency volatility.

Due to the regional market exposures set out above an adverse change in the political, macroeconomic or financial environment in these emerging markets could have a material adverse effect on the Group's activity, asset value, business, results of operations and financial position.

#### **1.4. Risks related to the supervisory and regulatory environment of the Group**

The Group is subject to an extensive supervisory and regulatory framework in each of the countries in which it operates.

The Group applies the regulations of the jurisdictions in which it operates. French, European and U.S. regulations as well as other local regulations are concerned, given the cross-border activities of the Group. The application of existing regulations and the implementation of future regulations requires significant resources that could affect the Group's performance.

In addition, non-compliance with regulations could lead to fines, damage to the Group's reputation, forced suspension of its operations or the withdrawal of operating licences.

By way of illustration, as at 31 December 2019, exposures to credit and counterparty risks (Exposure at Default (EAD)) in France, the 27-member European Union (including France) and the United States represented 45%, 66% and 14%, respectively.

Among the recent regulations that have a significant influence on the Group:

- the implementation of prudential reforms, notably in the context of the finalisation of the Basel Agreement, including the Fundamental Review of the Trading Book and the Internal Ratings-Based (IRB) repair initiative (including the new definition of defaults);
- in the United States, the implementation of the Dodd-Frank Act has not yet been finalised and additional regulations (including new Securities and Exchange Commission (SEC) regulations) have yet to be introduced. These developments could in particular have an impact on the Group's U.S. market activities;
- the constant evolution of the legal and regulatory framework for activities on the financial markets (such as the European regulations and directives EMIR, MIFID 2 and MIFIR or the Volcker regulation in the United States) increases the Group's obligations, notably in the areas of transparency and reporting.;
- new European measures aimed at restoring banks' balance sheets through active

management of non-performing loans ("NPLs"), which are leading to a rise of prudential requirements and an adaptation of the Group's strategy for managing NPLs. Additional regulatory provisions (as indicated in the Guidelines of the European Banking Authority), the scope of which remains to be determined, are being considered to define a framework of good practices for granting and monitoring loans;

- the strengthening of the supervisor's requirements (through the adoption of best practices) within the Single Supervisory Mechanism (SSM) could have an impact on the management costs and risk-weighted exposure levels of internal models;
- a strengthening of requirements related to internal control as well as the Group's rules of governance and good conduct, with a potential impact on costs;
- the strengthening of data quality and protection requirements and a potential strengthening of cyber-resilience requirements in relation to the consultation on "digital operational resilience framework for financial services" initiated by the European Commission in December 2019;
- sustainable finance considerations on the European political and regulatory agenda, with uncertainty for the Group regarding the inclusion of environmental and social issues in the supervisory review and assessment process (Supervisory Review and Evaluation Process - SREP) as well as the computation of the prudential capital requirement of credit institutions;
- the strengthening of the crisis prevention and resolution regime set out in the Bank Recovery and Resolution Directive of 15 May 2014 ("BRRD"), as revised. Should the resolution mechanism be triggered, the Group could, in particular, be forced to sell certain of its activities, modify the terms and conditions of its debt instruments, issue new debt instruments, or result in the total or partial depreciation or conversion of debt instruments into equity securities. Furthermore, the Group's contribution to the annual financing of the Single Resolution Fund ("SRF") is significant and will grow steadily until 2023, with 2024 being the year of the full endowment of the fund. The Group's contribution to the banking resolution mechanisms for the year 2019 amounted to cash contributions (85%) for a total of EUR 340 million and irrevocable payment commitments (15%) backed by a cash collateral for EUR 60 million.

The Group is also subject to complex tax rules in the countries in which it operates. Changes in applicable tax rules, uncertainty regarding the interpretation of such changes or their impact may have a negative impact on the Group.

Moreover, as an international bank that handles transactions with "US persons", denominated in US dollars, or involving US financial institutions, the Group is subject to US laws and regulations relating in particular to compliance with economic sanctions, the fight against corruption and market abuse. More generally, in the context of agreements with US and French authorities, the Group has undertaken to implement, through a dedicated program and organisation, corrective actions to address identified deficiencies, the cost of which will be significant, and strengthen its compliance program. In the event of a failure to comply with relevant US laws and regulations, or a breach of the Group's commitments under these agreements, the Group could be exposed to the risk of (i) administrative sanctions, including fines, suspension of access to US markets, and even withdrawals of banking licences, (ii) criminal proceedings, and (iii) damage to its reputation.

As at 31 December 2019, the Group had own funds CET1 of 43.8 billion euros (for a CET1 ratio of 12.7%) and total regulatory capital of 63.1 billion euros (for a total ratio of 18.3%).



Changes in the regulatory framework in each of the countries in which the Group operates could impact the financial and economic environment in these countries which could have a significant effect the Group's businesses, results of operation, financial position, costs and solvency.

### **1.5. Risks related to Brexit**

Pursuant to the agreement between the United Kingdom and the European Union on a new "flexible extension" of the United Kingdom's withdrawal from the European Union until 31 January 2020 (or earlier upon approval of the updated withdrawal agreement), the UK Withdrawal Agreement Bill (WAB) has now received the Queen's royal assent, thus confirming the United Kingdom's withdrawal from the European Union on Friday, 31 January 2020. The WAB received the final approval of the European parliament on 29 January 2020.

The transition period during which the United Kingdom and the European Union will define the future of their relationship began on 1 February 2020 and is scheduled to end on 31 December 2020 (unless extended). Even after the withdrawal agreement's approval, there is no guarantee that a trade agreement will be concluded by the end of the transition period, and the nature of future relations between the United Kingdom and the European Union remains unclear beyond the end of the transition period. The possibility of a "no-deal" Brexit remains in the event that no trade agreement is reached and no extension to the transition period is agreed.

At 31 December 2019, the Group had an Exposure at Default of 39 billion euros in the United Kingdom (4% of the Group's credit exposure). Beyond a direct impact on our credit exposure in the United Kingdom, Brexit is likely (depending on the scenarios considered) to considerably disrupt the European and global economies and financial markets and thus have an impact on the Group's overall activity and results.

Accordingly, Brexit and its impact on financial markets and the economic environment could have an adverse effect on the Group's activities and results of operations.

### **1.6. Risks related to the implementation of the Group's strategic plan**

On 28 November 2017, the Group announced a strategic and financial plan for 2017-2020. This plan includes a number of strategic objectives, in particular a plan to accelerate the digital transformation of the Group's model, the streamlining of its French Retail Banking network, the implementation of the program to refocus activities, the improvement of operational efficiency, the strengthening of its internal control function and the embedding of a culture of corporate responsibility. It also includes a certain number of financial objectives related to return on equity, net income, cost savings and regulatory ratios.

Upon publication of the 2019 annual results on 6 February 2020, the Group communicated on its outlook for 2020 in terms of revenues (slight growth expected), cost management (lower costs at Group level, lower cost/income ratio and a positive jaws effect at Group level and across all pillars) and cost of risk (expected between 30bp and 35bp) as well as an improvement in return on tangible equity (ROTE) and a new shareholder return policy.

In addition, the Group aims to steer above a CET1. ratio of 12%, which remains its current target. Global Markets & Investor Solutions has confirmed the successful execution of its restructuring plan, in line with financial targets, including:

- EUR 500 million in cost savings (of which 44% was already achieved in 2019 and is fully secured for 2020);

- EUR 10 billion of risk-weighted assets (RWA) by 2020 (including EUR 8 billion of RWA allocated to Market Activities) was reached in Q3 2019.

The Group is committed to becoming a leading bank in the field of responsible finance through, among others:

- a new commitment to raise EUR 120 billion for energy transition between 2019 and 2023 (including EUR 100 billion in sustainable bond issues and EUR 20 billion for the renewable energy sector in the form of advisory and financing);
- a planned total exit from thermal coal;
- the signing as co-founder of the Principles for a Responsible Banking Sector, through which the Group undertakes to strategically align its business with the Sustainable Development Objectives set by the United Nations and the Paris Agreement on Climate Change.

These actions (or similar actions that may be taken in the future) could in some cases decrease the Group's results in the sectors concerned.

This strategic plan is based on a number of assumptions, in particular relating to the macroeconomic environment and the development of the Group's activities. Failure to achieve these objectives (including as a result of the realization of one or more of the risks described in this risk factors) or the occurrence of unexpected events could compromise the achievement of the strategic plan and have a material adverse effect on the Group's business, results of operations and financial position.

### **1.7. Competition risks**

Due to its international activity, the Group faces intense competition in the global and local markets in which it operates, whether from banking or non-banking actors. As such, the Group is exposed to the risk of not being able to maintain or develop its market share in its various activities. This competition may also lead to pressure on margins, which is detrimental to the profitability of the Group's activities.

In France and in the other main markets in which the Group operates, the presence of major domestic banking and financial actors, as well as new market participants (notably online banking and financial services providers), has increased competition for virtually all products and services offered by the Group (particularly our online banking activities, with Boursorama, which had 2,100,000 customers at the end of 2019). Driven by new market participants such as "fintechs", new services that are automated, scalable and based on new technologies are developing rapidly and are fundamentally changing the relationship between consumers and financial services providers, as well as the function of traditional retail bank networks. To address these challenges, the Group has implemented a strategy that includes developing digital technologies and the establishment of commercial or equity partnerships with these new players (such as the platform Lumo proposing green investments) which could, if it proves ineffective or poorly executed, lead to a weakened competitive position.

Consolidation in the financial services industry could result in the Group's remaining competitors benefiting from greater capital, resources and an ability to offer a broader range of products and services. In addition, competition is increasing from emerging non-banking actors that, in some cases, may benefit from a regulatory framework that is more flexible and in particular less demanding in terms of equity capital requirements.

Accordingly, increased competition from banking and non-banking operators could have an adverse effect on the Group's business and results of operations, both in its French domestic

market and internationally.

## **2. Credit and counterparty risks**

Weighted assets subject to credit and counterparty risks amounted to EUR 282 billion at 31 December 2019.

### **2.1. Risks related to counterparty and concentration risks**

The Group is exposed to counterparty and concentration risks.

Due to its financing and market activities, the Group is exposed to credit and counterparty risk. The Group may therefore realise losses in the event of default by one or more counterparties, particularly if the Group encounters legal or other difficulties in enforcing its collateral or if the value of the collateral is not sufficient to fully recover the exposure in the event of default. Despite the Group's vigilant efforts to limit the concentration effects of its credit portfolio exposure, it is possible that counterparty defaults could be amplified within the same economic sector or region of the world due to the interdependence effects of these counterparties. Moreover, some economic sectors could, in the longer term, be particularly impacted by the measures implemented to promote energy transition or by the physical risks related to climate change.

For information, as at 31 December 2019, the Group's exposure at default (EAD, excluding counterparty risk) was EUR 801 billion, with the following breakdown by type of counterparty: 32% on corporates, 24% on sovereigns, 25% on retail customers and 7% on credit institutions and similar. Risk-weighted assets (RWA) for credit risk totalled 264 billion euros.

Regarding counterparty risks resulting from market transactions (excluding CVA), at the end of December 2019, the exposure value (EAD) was EUR 118 billion, mainly to credit institutions and similar entities (42%) and corporates (38%), and to a lesser extent to sovereign entities (20%). Risk-weighted assets (RWA) for counterparty risk amounted to EUR 16 billion.

The main sectors to which the Group was exposed in its corporate portfolio included finance and insurance (accounting for 17% of exposure), business services (11%), real estate (10%), wholesale trade (7%), transport and logistics (7%), the oil and gas sector (6%) and collective services (6%).

In terms of geographical concentration, the five main countries in which the Group is exposed at 31 December 2019 were France (45% of the Group's total EAD, mainly related to retail customers and corporates), the United States (14% of EAD, mainly related to corporates and sovereign customers), the Czech Republic (5% of the Group's total EAD, mainly related to sovereigns, retail clients and corporates) the United Kingdom (4% of EAD, mainly related to corporates and financial institutions) and Germany (4% of the Group's total EAD, mainly related to corporates and financial institutions).

Consequently, the default of one or more significant counterparties of the Group could have a material adverse effect on the Group's business, cost of risk, results of operations and financial position.

### **2.2. Risks related to the soundness of other financial institutions or market participants**

The financial soundness and conduct of other financial institutions and market participants could adversely affect the Group.

For information, at 31 December 2019, the Group's exposure (EAD) to credit and counterparty risk on financial institutions amounted to EUR 107 billion, representing 12% of EAD in respect of the Group's credit risk.

Financial institutions are important counterparties for the Group in capital and inter-bank markets. Financial services institutions are closely interrelated as a result of trading, clearing, counterparty and funding relationships. As a result, defaults by one or several actors in the sector or a crisis of confidence affecting one or more actors may result in market-wide liquidity scarcity or chain defaults.

The Group is also exposed to clearing institutions and their members because of the increase in transactions traded through these institutions. For information, the Group's exposure to clearing houses amounted to 32 billion euros of EAD at 31 December 2019. The default of a clearing institution or one of its members could generate losses for the Group.

Accordingly, the financial soundness and conduct of the aforementioned financial institutions and market participants and may have a material adverse impact on the Group's business and results of operations.

### **2.3. Risks related to the provisioning of credit exposures**

The Group regularly records provisions for doubtful loans in connection with its lending activities in order to anticipate the occurrence of losses and moderate the volatility of its results. The amount of provisions is based on the most accurate assessment at the time of the recoverability of the debts in question. This assessment relies on an analysis of the current and prospective situation of the borrower as well as an analysis of the value and recovery prospects of the debt, taking into account any security interests. In some cases (loans to individual customers), the provisioning method may call for the use of statistical models based on the analysis of historical loss and recovery data. Since 1 January 2018, the Group has also been recording provisions on performing loans under the IFRS9 accounting standard. This assessment is based on statistical models for assessing probabilities of default and potential losses in the event of default, which take into account a prospective analysis based on macroeconomic scenarios.

As at 31 December 2019, the stock of provisions relating to outstanding amounts (on- and off-balance sheet) amounted to EUR 2.3 billion on performing assets and EUR 9.3 billion on assets in default. Outstanding loans in default (stage 3 under IFRS9) represented 17.4 billion euros, including 57% in France, 19% in Africa and Middle East and 11% in Western Europe (excluding France). The gross ratio of doubtful loans on the balance sheet was 3.2% and the gross coverage ratio of these loans was approximately 55%.

Net changes in provisions are recorded as net cost of risk in the Group's consolidated income statement. Over the last three years, the Group has recorded a historically low net cost of risk (25 bp in 2019), partly due to an economic environment that is generally favourable to credit risk. Depending on its intensity, an economic slowdown and the expected reversal of the credit cycle could lead to an increase in provisions for doubtful outstandings, reflecting both an increase in borrowers' defaults and a potential deterioration in the value of collateral.

In addition, IFRS 9 accounting standard principles and provisioning models could be pro-cyclical in the event of a sharp and sudden deterioration in the environment or result in enhanced volatility in the event of fluctuations in economic prospects. This could lead to a significant and/or not fully anticipated variation in the cost of risk and therefore in the Group's results of operations.

A significant increase in loan loss provisions, or the occurrence of loan losses in excess of its provisions, could have a material adverse effect on Group's cost of risk, results of operations

and financial position.

### 3. Market and structural risks

Market risk corresponds to the risk of impairment of financial instruments resulting from changes in market parameters, the volatility of these parameters and the correlations between these parameters. The concerned parameters include exchange rates, interest rates, as well as the prices of securities (shares, bonds) and commodities, derivatives and any other assets. In the course of its market activities, the Group is exposed to "market risk". For information, Global Markets & Investor Services activities, which account for the bulk of the Group's market risks, represented 5 billion euros of net banking income in 2019, or 21% of the Group's total revenues. At 31 December 2019, risk-weighted assets (RWA) subject to market risk represented EUR 15 billion, or 4% of the Group's total RWA.

#### 3.1. Volatility risks

Volatility in the financial markets can have a material adverse effect on the Group's market activities. In particular:

- significant volatility over a long period of time could lead to corrections on risky assets and generate losses for the Group; and
- a sudden change in the levels of volatility could make it difficult or more costly to hedge certain structured products and thus increase the risk of loss for the Group.

Severe market disruptions and high market volatility have occurred in recent years and may occur again in the future. Such losses may extend to a broad range of trading and hedging products, including swaps, forward and future contracts, options and structured products.

In the event that a low-volatility environment emerges, reflecting a generally optimistic sentiment in the markets and/or the presence of systematic volatility sellers, increased risks of correction may also develop, particularly if the main market participants have similar positions on certain products.

The volatility of the financial markets makes it difficult to predict trends and implement effective trading strategies; it also increases risk of losses from net long positions when prices decline and, conversely, from net short positions when prices rise.

The assessment and management of market risks in the Group is based on a set of risk indicators that make it possible to evaluate the potential losses incurred at various time horizons and given probability levels, by defining various scenarios for changes in market parameters impacting the Group's positions. These scenarios are based on historical observations or are theoretically defined. However, these risk management approaches are based on a set of assumptions and reasoning that could turn out to be inadequate in certain configurations or in the case of unexpected events, resulting in a potential underestimation of risks and a significant negative effect on the results of the Group's market activities.

Furthermore, in the event of a deterioration of the market situation, the Group could experience a decline in the volume of transactions carried out on behalf of its customers, leading to a decrease in the revenues generated from this activity and in particular in commissions received.

As a result, volatility of the financial markets may cause the Group to suffer significant losses on its market activities. Such losses could have a material adverse effect on the Group's results of

operations and financial position.

### **3.2. Risks related to changes in interest rates**

The Group generates a significant part of its income through net interest margin and as such remains highly exposed to interest rate fluctuations as well as to changes in the yield curve, particularly in its retail banking activities. The Group's results are influenced by changes in interest rates in Europe and in the other markets in which it operates. In Europe in particular, a protracted environment of low or even negative interest rates has affected and could continue to adversely affect the Group's retail banking income, notably in France.

For information, net banking income (NBI) of French retail banking amounted to EUR 7.7 billion in 2019, or 31% of the Group's total NBI.

As a result, changes in interest rates may adversely affect retail banking activities and in turn have a negative impact on the Group's results of operations.

### **3.3. Risks related to fluctuations in exchange rates**

As a result of its international activities and its geographic implantation in many countries, the Group's revenues and expenses as well as its assets and liabilities are recorded in different currencies, which exposes it to the risk of exchange rate fluctuations. Because the Group publishes its consolidated financial statements in euros, which is the currency of most of its liabilities, it is also subject to translation risk for items recorded in other currencies, in the preparation of its consolidated financial statements. Exchange rate fluctuations of these currencies against the euro may adversely affect the Group's consolidated results, financial position and cash flows. Exchange rate fluctuations may also negatively affect the value (denominated in euros) of the Group's investments in its subsidiaries outside the Eurozone. For information, at 31 December 2019, out of a total of EUR 1,356 billion of assets on the balance sheet, 61% was recorded in euros, 19% in USD and 4% in JPY.

## **4. Operational risks (including risk of inappropriate conduct) and model risks**

At 31 December 2019, risk-weighted assets subject to operational risk amounted to EUR 48 billion, or 14% of the Group's total RWA. These risk-weighted assets relate mainly to Global Markets & Investor Services (67% of total operational risk).

Between 2015 and 2019, the Group's operational risks were primarily concentrated in five risk categories, representing 96% of the Group's total operating losses over the period: fraud and other criminal activities (29%), execution errors (23%), disputes with the authorities (18%), commercial disputes (14%), errors in pricing or risk evaluation including model risk (12%).

The Group's other categories of operational risk (unauthorized activities in the markets, failure of information systems and loss of operating resources) remain minor, representing 4% of the Group's losses on average over the 2015 to 2019 period.

### **4.1. Legal risks**

The Group and certain of its former and current representatives may be involved in various types of litigation, including civil, administrative, tax, criminal and arbitration proceedings. The large majority of such proceedings arise from transactions or events that occur in the Group's ordinary course of business. There has been an increase in client, depositor, creditor and investor litigation and regulatory proceedings against intermediaries such as banks and investment advisors in recent years, in part due to the challenging market environment. This has

increased the risk, for the Group, of losses or reputational harm arising from litigation and other proceedings. Such proceedings or regulatory enforcement actions could also lead to civil, administrative, tax or criminal penalties.

In preparing its financial statements, the Group makes estimates regarding the outcome of civil, administrative, tax, criminal and arbitration proceedings in which it is involved, and records a provision when losses with respect to such matters are probable and can be reasonably estimated. It is inherently difficult to predict the outcome of litigation and proceedings involving the Group's businesses, particularly those cases in which the matters are brought on behalf of various classes of claimants, cases where claims for damages are of unspecified or indeterminate amounts, or cases involving unprecedented legal claims. Such estimates could prove inaccurate or the provisions set aside by the Group to cover such risks could prove inadequate.

The provision recorded in the Group's financial statements for public rights disputes amounted to EUR 340 million at 31 December 2019.

If the aforementioned legal risks materialise this could adversely affect the Group's business, financial position and results of operations.

#### **4.2. Risks related to operational failures of communication and information systems of the Group**

The Group relies heavily on communication and information systems to conduct its business and this is reinforced by the widespread use of remote banking. Any failure, dysfunction, interruption of service or breach in security of its systems, even if only brief and temporary, could result in significant disruptions to the Group's business. Despite the Group's preventive measures and backup solutions, such incidents could result in significant costs related to information retrieval and verification, loss of revenue, loss of customers, litigation with counterparties or customers, difficulties in managing market operations and short-term refinancing, and ultimately damage to the Group's reputation.

The Group is exposed to the risk of operational failure or capacity constraints in its own systems and in the systems of third parties, including those of financial intermediaries that it uses to facilitate cash settlement or securities transactions (such as clearing agents and houses and stock exchanges), as well as of clients and other market participants.

The interconnectivity of multiple financial institutions with clearing agents and houses and stock exchanges, and the increased concentration of these entities, increases the risk that an operational failure at one institution or entity may cause an industry-wide operational failure that could adversely affect the Group's ability to conduct business. Industry concentration, whether among market participants or financial intermediaries, can exacerbate these risks, as disparate complex systems need to be integrated, often on an accelerated basis.

The Group is also exposed to risks relating to cybercrime and has experienced fraudulent attempts to break into its information systems. Every year, the Group experiences numerous cyber-attacks to its systems, or via those of its clients, partners or suppliers. The Group could be subject to targeted and sophisticated attacks on its IT network, resulting in embezzlement, loss, theft or disclosure of confidential or customer data (in particular in violation of the European Data Protection Regulation "GDPR"). Even if the Group has the means to monitor and to effectively respond to these issues, such actions are likely to result in operational losses.

Therefore, operational failure, termination or capacity constraints affecting institutions the Group does business with, failure or breach of the Group's information technology systems or cybercrime could result in losses, litigation and damages to the reputation of the Group and in

turn could have a material adverse effect on the Group's businesses, results of operations and financial position.

### **4.3. Reputation risks**

The Group's reputation for financial strength and integrity is critical to its ability to foster loyalty and develop its relationships with customers and other counterparties in a highly competitive environment. Any reputational damage could result in loss of activity with its customers or a loss of confidence on the part of its investors, which could affect the Group's competitive position, its business and its financial condition. As a result, negative comments regarding the Group, whether or not legitimate, and concerning events that may or may not be attributable to the Group, could deteriorate the Group's reputation and affect its competitive position.

The Group's reputation could also be adversely affected by a weakness in its internal control measures aimed at monitoring and preventing operational, compliance, credit and market risks, particularly with respect to monitoring inappropriate conduct of its employees (such as corruption, fraud, market abuse and tax evasion). This risk may arise from the conduct itself as well as from administrative or criminal sanctions resulting from an insufficiently effective control environment, such as the sanctions issued by the American and French authorities in 2018.

Financing extended by the bank that does not comply with regulations or its commitments could affect the Group's reputation. Methods of distribution of products and services that do not provide sufficient information to customers, a lack of transparency in its communication (particularly financial communication) or internal management rules (including human resources management or relations with suppliers and service providers) that do not comply with regulatory obligations or the bank's commitments could affect the Group's reputation. In addition, a corporate social responsibility strategy (in particular with regard to environmental issues) deemed insufficiently ambitious in relation to the expectations of external stakeholders or difficulties in implementing this strategy could also impact the Group's reputation.

The consequences of these events, which could potentially result in legal proceedings, may vary according to the extent of media coverage and the overall context and remain difficult to estimate.

If the aforementioned reputation risks materialise this could deteriorate the Group's reputation and affect its competitive position which could have a material adverse effect on the Group's results of operations and its financial position.

### **4.4. Personnel risks**

The Group employs more than 138,000 people) in 62 countries and supports 29 million individual, corporate and institutional clients worldwide on a daily basis. The performance of banking and financial activities is closely linked to the human factor. The inability to attract and retain employees, whether in terms of career prospects and training or in terms of compensation levels in line with market practices, could have an impact on the Group's performance. A high rate of turnover or the departure of strategic employees could expose the Group to a loss in its know-how as well as a deterioration in the quality of service, at the expense of client satisfaction. Furthermore, the European financial sector is subject to increased oversight of employee compensation policies, including rules on certain types of compensation (fixed, variable, performance conditions, deferred payments, etc.), which may limit the Group's ability to attract and retain talent. In particular, the CRD IV directive, which has applied since 2014 to banks in the European Economic Area and therefore to the Group, includes a cap on the variable component of compensation compared to its fixed component for the relevant personnel.

The Group's inability to attract and retain qualified employees may adversely affect its



performance and therefore its results of operations.

#### **4.5. Model Risk**

The models, in particular the Group's internal models, used in strategic decision-making and in risk management systems could fail or prove to be inadequate.

Internal models used within the Group could prove to be deficient in terms of their conception, calibration, use or monitoring of performance over time in relation to operational risk and therefore could produce erroneous results, with financial consequences in particular.

In particular:

- the valuation of certain financial instruments that are not traded on regulated markets or other trading platforms, such as OTC derivative contracts between banks, uses internal models that incorporate unobservable parameters. The unobservable nature of these parameters, even if they are prudently valued, results in an additional degree of uncertainty as to the adequacy of the valuation of the positions. In the event that the relevant internal models prove unsuitable for changing market conditions, some of the instruments held by the Group could be misvalued. For illustrative purposes, financial assets and liabilities measured at fair value on the balance sheet categorized within Level 3 (for which the valuation is not based on observed data) represented EUR 10 billion and EUR 52 billion, respectively, as of 31 December 2019;
- the assessment of customer solvency and the bank's exposure to credit and counterparty risk is generally based on historical assumptions and observations that may prove to be inappropriate in light of new economic conditions and is based on economic scenarios and projections that may not adequately anticipate unfavourable economic conditions or the occurrence of unprecedented events. This miscalculation could, among other things, result in an under-provisioning of risks and an incorrect assessment of capital requirements;
- hedging strategies used in market activities rely on models that include assumptions about the evolution of market parameters and their correlation, partly inferred from historical data. These models could be inappropriate in certain market environments (in the event of strong movements in volatility resulting, for example, from the evolution of the trade war between the United States and China, or from Brexit), leading to an ineffective hedging strategy and causing unanticipated losses;
- management of the interest rate risk of the investment portfolio and of the liquidity risk of all balance sheet and off-balance sheet items uses behavioural models that depend on market conditions. These models, based in particular on historical observations, could have an impact on the hedging of these risks when unprecedented events occur.

If the aforementioned model risks materialise this could result in financial losses for the Group and could have a material adverse effect on the Group's results and financial position.

#### **4.6. Risk resulting from catastrophic events**

The occurrence of unforeseen or catastrophic events, including terrorist attacks, natural disasters (including earthquakes, such as in Romania, and floods, such as the exceptional flooding of the Seine in Paris), a major health crisis or the fear of the occurrence of such a crisis (linked for example to the Covid-19 coronavirus) or major social unrest (such as the "*gilets jaunes*" movement in France) could create economic and financial disruptions or lead to

operational difficulties (including travel limitations or relocation of affected employees) for the Group. These events could impair the Group's ability to manage its businesses and also expose its insurance activities to significant losses and increased costs (such as higher re-insurance premiums). Upon the occurrence of such events, the Group could incur losses.

## **5. Liquidity and funding risks**

### **5.1. Risks related to exceptional measures by governments, central banks and regulators**

For several years now, central banks have taken measures to facilitate financial institutions' access to liquidity, in particular by lowering interest rates to historical lows. Various central banks have substantially increased the amount and duration of liquidity provided to banks. They have relaxed collateral requirements and, in some cases, have implemented "non-conventional" measures to inject substantial liquidity into the financial system, including direct market purchases of government bonds, corporate bonds, and mortgage-backed securities.

In the United States, after a tightening period that began in December 2015, the Fed started a new rate cut cycle in 2019 that will continue in 2020, due to the slowdown in the U.S. economy and of global demand. In addition, tensions in the repo market in September 2019 led the Fed, for the first time in ten years, to inject liquidity in order to normalise the situation. The Fed has also put in place a plan to buy short-term Treasury bills to avoid further tensions in the money markets at least until the second quarter of 2020. If tensions in the dollar funding market were to spread internationally, this would represent a risk for countries and sectors whose debt is denominated in US dollars, and therefore for some of the Group's counterparties. For information, as at 31 December 2019, out of a total of EUR 1,356 billion of liabilities on the balance sheet of the Group, 19% was denominated in dollars.

The fragmentation of the European financial markets is now partly "hidden" by ECB policy. The lack of significant progress on the Banking Union and the Capital Markets Union leaves the Eurozone in a situation of potential vulnerability. In the extreme case of a restructuring of a Eurozone Member State's sovereign debt, cross-border capital flows restrictions could be implemented, thus impacting the Group. As at 31 December 2019, the Group's regulatory short-term liquidity coverage ratio (LCR) stood at 119% and liquidity reserves amounted to EUR 190 billion.

The exceptional measures taken by governments, central banks and regulators described above could have a material adverse effect on the Group's cost of financing and its access to liquidity. Furthermore, A more politically fragmented world and the risks of counterproductive exceptional measures could have a material adverse effect on the Group's business, financial position and results of operations.

### **5.2. Liquidity risks**

For the proper conduct of its activities, the Group depends on access to financing and other sources of liquidity. In the event of difficulties in accessing the secured or unsecured debt markets on terms it considers acceptable, due to market conditions or factors specific to the Group, or if it experiences unforeseen outflows of cash or collateral, including material decreases in customer deposits, its liquidity could be impaired. In addition, if the Group is unable to maintain a satisfactory level of customer deposits collection, it may be forced to turn to more expensive funding sources, which would reduce the Group's net interest margin and results.

The Group is exposed to the risk of an increase in credit spreads. The Group's medium- and long-term financing cost is directly linked to the level of credit spreads which can fluctuate

depending on general market conditions. These spreads can also be affected by an adverse change in France's sovereign debt rating or the Group's external ratings by rating agencies.

For 2020, the Group has planned a funding program of approximately EUR 18 billion in vanilla long-term debt, mainly in senior preferred and secured debt format as well as in senior non-preferred debt format.

As at 31 December 2019, the Group had raised a total of EUR 43 billion of long-term funding (EUR 40.1 billion for the parent company and EUR 2.9 billion for the subsidiaries) mainly, at the parent company level, via senior structured issues (EUR 22.1 billion), senior vanilla non-preferred issues (EUR 8.2 billion), senior vanilla preferred issues (EUR 5.6 billion) and secured issued (EUR 3.0 billion).

The Group is currently monitored by four financial rating agencies: Fitch Ratings, Moody's, R&I and Standard & Poor's.

The downgrading of the Group's credit ratings, by these agencies or by other agencies, could have a significant impact on the Group's access to funding, increase its financing costs and reduce its ability to carry out certain types of transactions or activities with customers. This could also require the Group to provide additional collateral to certain counterparties, which could have an adverse effect on its business, financial position and results of operations. Access to financing and liquidity constraints could have a material adverse effect on the Group's business, financial position, results of operations and ability to meet its obligations to its counterparties.

## **6. Risks related to insurance activities**

In 2019, the Group's insurance activities represented net banking income of EUR 909 million, or 3.7% of the Group's consolidated net banking income. The Group's Insurance division is mainly focused on Life Insurance. At 31 December 2019, life insurance contracts had an outstanding amount of EUR 125 billion, divided between euro-denominated contracts (70%) and unit-linked contracts (30%).

The Group's Insurance business is highly exposed to structural interest rate risk due to the high proportion of bonds in the euro-denominated funds in its life insurance contracts. The level of and changes in interest rates may, in certain configurations, have a material adverse effect on the results and financial position of this business line.

With its impact on the yield of euro-denominated contracts, a prolonged outlook of low interest rates reduces the attractiveness of these products for investors, which can negatively affect fundraising and income from this segment of the life insurance business.

A sharp rise in interest rates could also degrade the competitiveness of the life insurance offerings in euros (compared with bank savings products, for example) and trigger significant repurchases and arbitrage by customers, in an unfavourable context of unrealised losses on bond holdings. This configuration could affect the revenues and the profitability of the life insurance business.

More generally, a pronounced widening of spreads and a decline in equity markets could also have a significant negative effect on the results of the Group's life insurance business.

A deterioration in the market condition, and in particular a significant increase or decrease in interest rates, could have a material adverse effect on the life insurance activities of the Group's Insurance business. In such case, the Group could be required to strengthen the own funds of its insurance subsidiaries in order to enable them to continue to meet their regulatory capital requirements.

## **II. RESPONSIBILITY FOR THE INFORMATION GIVEN IN THIS REGISTRATION DOCUMENT**

Société Générale, having its registered seat at 29, Boulevard Haussmann, 75009 Paris, France, assumes responsibility for the information provided in this Registration Document.

Société Générale hereby declares that to the best of its knowledge, the information contained in this Registration Document is in accordance with the facts and that the Registration Document makes no omission likely to affect its import.

### III. STATEMENT ON THE BAFIN APPROVAL

Potential investors should note that:

- a) this Registration Document has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)*) , as competent authority under Regulation (EU) 2017/1129;
- b) BaFin only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129;
- c) such approval should not be considered as an endorsement of the issuer that is the subject of this Registration Document.

## IV. INFORMATION RELATED TO SOCIÉTÉ GÉNÉRALE

This section of the Registration Document sets out the basic information related to Société Générale.

### 1. Information About Société Générale

On 4 May 1864, Napoleon III signed Société Générale's founding decree. In June 1987, Société Générale was privatised with a successful stock market launch and shares offered to Group staff. The Group developed a universal banking strategy, in particular through its Corporate and Investment Banking, to support the worldwide development of its customers. In France, it expanded its networks by founding Fimatex in 1995, which later became Boursorama.

The legal and commercial name of the company is Société Générale. Société Générale is incorporated in France, is a public limited company (*société anonyme*) established under French law with registration number 552 120 222 R.C.S. PARIS, and having the status of a bank. The registered office of Société Générale is at 29 boulevard Haussmann, 75009 Paris, France and the administrative office is at 7 Cours Valmy, 92972 Paris-La Défense, France (Telephone number: +33 (0)1 42 14 20 00). Its Legal Entity Identifier (LEI) is O2RNE8IBXP4R0TD8PU41. The duration of Société Générale will expire on 31 December 2047, unless it is extended or the company is wound up before that date.

The share capital of Société Générale amounts to EUR 1,066,714,367.50. This is divided into 853,371,494 fully paid-up shares, each with a nominal value of EUR 1.25.

The website of Société Générale is [www.societegenerale.com](http://www.societegenerale.com) (whereby the information on this website does not form part of this Registration Document unless information from this website is incorporated by reference into this Registration Document as set out in "IV. INFORMATION INCORPORATED BY REFERENCE").

### 2. Business Overview and Organisational Structure

According to its own appraisal, Société Générale is one of the leading European financial services groups. Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Société Générale employs over 138,000 members of staff (as at 31 December 2019; excluding temporary staff) in 62 countries and supports on a daily basis 29 million individual clients, businesses and institutional investors (excluding Group insurance companies) around the world. The Société Générale Group offers a wide range of advisory services and tailored financial solutions to secure transactions, protect and manage assets and savings, and help its clients finance their projects. Société Générale seeks to protect them in both their day-to-day life and their professional activities, offering services and solutions they require. The Group is built on three complementary core businesses:

- French Retail Banking, which encompasses the Société Générale, Crédit du Nord and Boursorama brands. Each offers a full range of financial services with omnichannel products at the cutting edge of digital innovation;
- International Retail Banking, Insurance and Financial Services to Corporates, with networks in Africa, Russia, Central and Eastern Europe and specialised businesses that are leaders in their markets;
- Global Banking and Investor Solutions, which offers recognised expertise, key international locations and integrated solutions.

The principal markets in which the Group is operating are France, other European Union countries and the United States. The list setting out significant new products or services set out in section "New Important Products or Services" on pages 49 to 55 of the English 2020 Universal Registration Document of Société Générale of 12 March 2020 (the "**English 2020**

**Universal Registration Document**") is hereby incorporated by reference into this Registration Document (please see "IV. INFORMATION INCORPORATED BY REFERENCE").

Société Générale finances its activities using the usual sources of funding of the Société Générale Group (i.e. equity, issuances of debt securities and amounts due to customers, in particular deposits). Further information on the funding structure of the Société Générale Group is set out in section "Group Debt Policy" on pages 60 to 62 of the English 2020 Universal Registration Document which is hereby incorporated by reference into this Registration Document (please see "IV. INFORMATION INCORPORATED BY REFERENCE"), except for the information set out in footnote "".

Société Générale is the parent company of the Société Générale Group. The organisational structure of the Société Générale Group set out in section "Simplified Ownership Structure at 31 December 2019" on pages 30 and 31 of the English 2020 Universal Registration Document of Société Générale is hereby incorporated by reference into this Registration Document (please see "IV. INFORMATION INCORPORATED BY REFERENCE").

### **3. Statutory Auditors**

The statutory auditors of Société Générale for the fiscal year ended 31 December 2018 and the fiscal year ended 31 December 2019 are Ernst & Young et Autres, ½ place des Saisons, 92400 Courbevoie – Paris-La Défense (France) and Deloitte & Associés, 6, place de la Pyramide, 92908 Paris-La Défense Cedex (France).

The statutory auditors are and have at the time of the abovementioned audits been members of the national organisation for auditors the so called "*Compagnie Nationale des Commissaires aux Comptes*" (French National Institute of Statutory Auditors).

### **4. Administrative, Management and Supervisory Bodies of Société Générale**

The information about the administrative, management and supervisory bodies of Société Générale set out in Section "Board of Directors' Report on Corporate Governance" on pages 70 to 101 of the English 2020 Universal Registration Document is hereby incorporated by reference into this Registration Document (please see "IV. INFORMATION INCORPORATED BY REFERENCE"), except for the cross-reference on page 70 to the internal rules of the Board of Directors as set out on page 557 and following of English 2020 Universal Registration Document and the Statement on the corporate governance regime on page 71 of the English 2020 Universal Registration Document.

The members of the administrative, management and supervisory bodies of Société Générale can be reached under the address of its head office, at 29, boulevard Haussmann, 75009 Paris.

The members of Société Générale's Board of Directors and the Deputy Chief Executive Officers can be reached under the address of its head office, at 29, boulevard Haussmann, 75009 Paris.

There are no potential conflicts of interest between the Chief Executive Officer, the Deputy Chief Executive Officers and the members of the Board of Directors' towards Société Générale and any other obligation or private interests.

### **5. Basis of Statements regarding the Competitive Position of Société Générale Group**

All of the Group's activities are subject to intense competition on the global and local markets in which it operates, whether from banking or non-banking actors.

In France and in the other main markets in which the Group operates, the presence of major domestic banking and financial actors, as well as new market participants (notably online banking and financial services providers), has increased competition for virtually all products

and services offered by the Group (particularly our online banking activities, with Boursorama, which had 2,100,000 customers at the end of 2019). Driven by new market participants such as "fintechs", new services that are automated, scalable and based on new technologies are developing rapidly and are fundamentally changing the relationship between consumers and financial services providers, as well as the function of traditional retail bank networks. To address these challenges, the Group has implemented a strategy that includes developing digital technologies and the establishment of commercial or equity partnerships with these new players (such as the platform Lumo proposing green investments) which could, if it proves ineffective or poorly executed, lead to a weakened competitive position.

Consolidation in the financial services industry could result in the Group's remaining competitors benefiting from greater capital, resources and an ability to offer a broader range of products and services. In addition, competition is increasing from emerging non-banking actors that, in some cases, may benefit from a regulatory framework that is more flexible and in particular less demanding in terms of equity capital requirements.

Any statements in this Registration Document relating to the competitive position of Société Générale Group are based on the own opinion of Société Générale.

## **6. Legal and Arbitration Proceedings**

The information about the legal and arbitration proceedings of Société Générale is set out in section "3.7 Litigation" on pages 35 to 37 of the First Amendment dated 7 May 2020 to the English 2020 Universal Registration Document which is hereby incorporated by reference into this Registration Document (please see "IV. INFORMATION INCORPORATED BY REFERENCE").

## **7. Documents Available**

During the validity of this Registration Document, the following documents are available for inspection at Société Générale's administrative offices at Tours Société Générale, 17, Cours Valmy, 92972 Paris – La Défense, France and on the websites indicated below:

- the memorandum and by-laws (articles of association) of Société Générale (available on the following website: <https://www.sg-zertifikate.de/service/weitere-dokumente/registrierungsformulare-und-jahresabschlussse> under "Registrierungsformulare" and "2019");
- the consolidated financial statements of the Société Générale Group for the financial years 2018 and 2019 (available on the following website: <http://www.societegenerale.com/en/measuring-our-performance/information-and-publications/financial-results>); and
- the press release of Société Générale dated 30 April 2020 Interim financial statements of Société Générale Group as at 31 March 2020 (<https://www.societegenerale.com/en/investors> ).

## **8. Financial Information on Société Générale**

The financial information contained in this Registration Document is based on the audited consolidated financial statements of Société Générale Group relating to the fiscal year ended 31 December 2018 prepared in accordance with the International Financial Reporting Standards ("IFRS") and the audited consolidated financial statements of Société Générale Group relating to the fiscal year ended 31 December 2019 prepared in accordance with the IFRS as well as the unaudited interim financial statements of Société Générale Group as at 31 March 2020.

The consolidated financial statements of Société Générale Group relating to the fiscal year



ended 31 December 2018 and the consolidated financial statements of Société Générale Group relating to the fiscal year ended 31 December 2019 as well as the unaudited interim financial statements of Société Générale Group as at 31 March 2020 are hereby incorporated by reference into this Registration Document (please see "IV. INFORMATION INCORPORATED BY REFERENCE").

## **9. Audit of the Financial Information**

The consolidated financial statements of Société Générale Group relating to the fiscal year ended 31 December 2018 and the consolidated financial statements of Société Générale Group relating to the fiscal year ended 31 December 2019 have been audited by Ernst & Young et Autres and Deloitte & Associés and an unqualified audit opinion has been issued thereon.

The interim financial statements of Société Générale Group as at 31 March 2020 have not been audited."

## **10. Significant Changes in the financial position of Société Générale Group**

Save for the economic impact associated with the impact of the Covid-19 pandemic (as described in Section "11 Trend Information"), there has been no significant change in the financial position of Société Générale Group since 31 March 2020.

## **11. Trend Information**

The Covid-19 pandemic is causing a health crisis and an economic shock of historic proportions. Many governments have imposed containment measures to flatten the epidemiological curve and avoid overburdening health systems. These measures have a high immediate economic cost, leading to a collapse of global activity. The supply of goods and services is severely disrupted, with value chains and payments disrupted. The crisis is also affecting demand through loss of income and falling business and household confidence. The evolution of the pandemic remains an important source of uncertainty. These uncertainties relate to the duration of containment and the ability of governments to restore economic growth after the crisis.

On the political front, governments and central banks have provided significant support in terms of liquidity and credit guarantees. However, this policy option is not open to all economies and the policy space available has become a critical risk factor for many of the highly indebted countries, especially in a context where global cooperation remains weak. In particular, it seems unlikely that China this time around will have the room for manoeuvre or the appetite to carry out investment stimulus measures on a scale similar to that seen after 2008/2009, and there is a growing risk of a breakdown of growth engines in the post-crisis period. As a large part of the losses induced by the crisis will turn into future debt, longer-term growth could also be at risk, especially as the debt levels of many major economies are already high. Addressing the economic challenges will require from governments and central banks defining the right policy mix to restore growth.

Political uncertainties remain significant. The world economy is still facing uncertainties in international trade, which could increase with the handling of the Covid-19 crisis. Beyond the friction between the United States and China, the shift to bilateralism in trade negotiations is a structural obstacle, as is the persistence of higher tariffs. Negotiations between the European Union and the United Kingdom now aim to frame economic relations at the end of the transition period ending on 31 December 2020. The risks of a "hard" Brexit at the end of the transition period remain present. The global economy also faces challenges related to climate change and the transformation of industry to adapt to new digital technologies and automation, with the risk of further widening the gap between high and low-skilled workers. Physical risks materialised on a large scale could increase pressure for more determined policy responses that could lead to new regulations.

According to the scenario for the moment favoured, the direct effects of the Covid-19 shock on global activity are expected to focus mainly on the first half of 2020, while a rebound from the second half of the year would partially offset the losses. In the context of the Covid-19 crisis, the Group notes continued uncertainty regarding the main political and industrial challenges and forecasts that growth in advanced countries will have to contract by 6% in 2020 before rebounding by 5.6% in 2021. Emerging economies are also severely weakened and are also expected to enter massively into recession. In addition, financial conditions have deteriorated sharply and many countries with external financing needs are still vulnerable to market developments and risk aversion. With this crisis, many low-income and emerging market countries are in a situation of over-indebtedness or liquidity crisis. More generally, financial markets can be an accelerator of the economic crisis in the event of a sharp and lasting decline in asset prices. As at the date this Registration Document, the impact of this pandemic on the Group's results remains difficult to quantify.

In terms of regulatory developments, the start of 2020 was marked in particular by the following developments:

- clarification by the European Banking Authority ("**EBA**") of the regulatory treatment applicable to public and private moratoria granted by banks to borrowers as a result of the Covid-19 crisis: given their general nature to deal with the Covid-19 crisis and granting conditions, public and private moratoria granted to borrowers in the exceptional circumstances of the crisis do not lead to a default classification of the borrowers who are beneficiaries;
- reduction or elimination by the various competent national authorities of the countercyclical buffer rates applicable to capital requirements (in particular zero rate for France);
- announcement by the Eurosystem of a widening of the eligibility criteria for assets (securities and receivables) that can be mobilized for refinancing with the European Central Bank ("ECB pool");
- announcement by the Basel Committee of a one-year postponement of the date of application of the Basel IV agreements (1 January 2023, with a phase-in of 5 years until 2028 for the output floor);
- 6 months FRTB-SA reporting by the ABE for market risks;
- postponement by the EBA of the banks' stress test exercise to 2021.

In addition, the supervisory authorities of the ECB (Single Supervisory Mechanism) announced in March 2020 exceptional temporary measures in connection with the Covid-19 crisis. The ECB will therefore be flexible in the use of certain capital and liquidity buffers. The SSM also advanced to 31 March 2020 the implementation of a provision in CRD V relating to the capital requirement under P2R (Pillar 2 Requirement). This provision allows the share of the P2R cushion to be covered by CET1 instruments to be reduced from 100% to 56%, a reduction of 77 basis points in the Group's CET1 capital requirement.

The European Commission has also published a proposal for amendments to the CRR which will be examined by the European Parliament and the Council, with a view to adoption in June 2020:

- acceleration of the implementation of the new support factor for SMEs and the financing of infrastructure;
- additional requirement for the leverage ratio postponed to 1 January 2023;
- IFRS 9: extension of the transitional provisions relating to the impact on equity of the effect of first application of IFRS 9 on 1 January 2018;
- preferential treatment of guaranteed and counter-guaranteed exposures by the public sector in the context of pillar 1 NPL backstop.
- the continuation of work in the area of LCB-FT, on the one hand at the national level with the French transposition of the fifth directive published in February 2020, and the work relating to the centralized management of the LCB-FT device at European Union level on the other hand, with the implementation of the Council of the EU's priorities set in 2019, and the strengthening of European supervision in the area of AML-CFT.

## **12. Recent Events particular to the Issuer**

On 21 January 2020, the Group announced an agreement to acquire ITL, a leading provider in equipment finance specialised in the environmental, manufacturing and healthcare sectors, through its subsidiary Franfinance. The transaction is subject to the approval of competition authorities.

On 2 March 2020, the Group finalised the disposal to Promontoria MMB of Société Générale Banque aux Antilles.

On 2 March 2020, the Group finalised the disposal to Absa of Société Générale's custody, depository and clearing activities in South Africa.

## **13. Material Changes in the Prospects of Société Générale**

Save for the economic impact associated with the impact of the Covid-19 pandemic (as described in Section "11 Trend Information"), there has been no material adverse change in the prospects of Société Générale since its last published audited financial statements dated 31 December 2019.

## **14. Significant Changes in the Financial Performance of Société Générale Group**

There has been no significant change in the financial performance of Société Générale Group since 31 December 2019.

## 15. Credit Ratings

The Group is rated by five rating agencies: (i) DBRS - long-term rating (unsecured senior preferred debt) "A (high)"\* (positive), short-term rating "R-1 (middle)"\*\*; (ii) FitchRatings - long-term rating (unsecured senior preferred debt) "A+"\*\*\* (Rating Watch Negative), short-term rating "F1"\*\*\*\*; (iii) Moody's – long-term rating (unsecured senior preferred debt) "A1"\*\*\*\*\* (stable), short-term rating "P-1"\*\*\*\*\*; (iv) R&I - long-term rating (unsecured senior preferred debt) "A"# (stable); and (v) S&P Global Ratings - long-term rating (unsecured senior preferred debt) "A"### (stable) , short-term rating "A-1"####.

The credit ratings mentioned above have been issued by DBRS Ratings Limited London, United Kingdom, Fitch France S.A.S. Paris, France, Moody's France S.A.S., Paris, France, and Standard & Poor's Credit Market Services France S.A.S., Paris, France respectively, as indicated. Each of these credit rating agencies is established in the European Community and is registered under Regulation (EC) n° 1060/2009 of the European Parliament and of the Council of 16 September 2009 (as amended by Regulation (EU) No. 513/2011). The latest update of the list of registered credit rating agencies is published on the following website of the European Securities and Markets Authority (ESMA): <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>.

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\* DBRS defines "A" as follows: "Good credit quality. The capacity for the payment of financial obligations is substantial, but of lesser credit quality than AA. May be vulnerable to future events, but qualifying negative factors are considered manageable. All rating categories other than AAA and D also contain subcategories (high) and (low). The absence of either a (high) or (low) designation indicates that the rating is in the middle of the category."

\*\* DBRS defines "R-1 (middle)" as follows: Superior credit quality. The capacity for the payment of short-term financial obligations as they fall due is very high. Differs from R-1 (high) by a relatively modest degree. Unlikely to be significantly vulnerable to future events."

\*\*\* FitchRatings defines "A" as follows: "A: High credit quality. "A" ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. Within rating categories, the modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories."

\*\*\*\* FitchRatings defines "F-1" as follows: "F1: Highest Short-Term Credit Quality. Indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature."

\*\*\*\*\* Moody's defines "A-1" as follows: "Obligations rated A are considered upper-medium-grade and are subject to low credit risk. Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification Aa through Caa. The modifier "1" indicates that the obligation ranks in the higher end of its generic rating category; the modifier "2" indicates a mid-range ranking; and the modifier "3" indicates a ranking in the lower end of that generic rating category."

\*\*\*\*\* Moody's defines "P-1" as follows: "Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations."

# R&I defines "A" as follows: "High creditworthiness supported by a few excellent factors. A plus (+) or minus (-) sign may be appended to the categories from AA to CCC to indicate relative standing within each rating category."

## S&P defines "A" as follows: An obligation rated "A" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong. Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories."

### S&P defines "A-1" as follows: "A short-term obligation rated "A-1" is rated in the highest category by S&P Global Ratings. The obligor's capacity to meet its financial commitments on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitments on these obligations is extremely strong."

## V. INFORMATION INCORPORATED BY REFERENCE

The following information\* is incorporated by reference into this Registration Document in accordance with Article 19(1)(a) of the Prospectus Regulation and forms part of this Registration Document:

### 1. Information incorporated from the Registration Document of Société Générale dated 11 April 2019\*\*

Information	Incorporated from	Incorporated into this Registration Document on the following pages:
<b>Consolidated financial statements of Société Générale Group as at 31 December 2018</b>	<b>the following pages of the Registration Document of Société Générale dated 11 April 2019</b>	
- Consolidated financial statements	F-302 to F308	24
- Notes to the consolidated financial statements	F-310 to F-465	24
- Statutory Auditors' report on the consolidated financial statements	F-466 to F-470	24
- Société Générale management report	F-471 to F-477	24

### 2. Information incorporated from the English 2020 Universal Registration Document of Société Générale \*\*\*

Information	Incorporated from	Incorporated into this Registration Document on the following pages:
<b>Consolidated financial statements of Société Générale Group as at 31 December 2019</b>	<b>the following pages of the Universal Registration Document of Société Générale dated 12 March 2020</b>	
- Consolidated financial statements	310 to 315	24
- Notes to the consolidated financial statements	316 to 535	24
- Statutory Auditors' report on financial statements	536 to 540	24
- Société Générale management report	474 to 476	24

- Simplified Ownership Structure at 31 December 2019	30 and 31	23
- New Important Products or Services	49 to 55	22
- Group Debt Policy (except for the information set out in footnote "**")	60 to 62	23
- Board of Director`s Report on Corporate Governance (except for the cross-reference on page 70 to the internal rules of the Board of Directors as set out on page 557 and following of English 2020 Universal Registration Document and the Statement on the corporate governance regime on page 71 of the English 2020 Universal Registration Document)	70 to 101	23

**3. Information incorporated from the press release of Société Générale dated 30 April 2020 \*\*\*\***

<b>Information</b>	<b>Incorporated from</b>	<b>Incorporated into this Registration Document on the following pages:</b>
<b>Interim financial statements of Société Générale Group as at 31 March 2020</b>	<b>the following pages of the press release of Société Générale dated 30 April 2020</b>	
- Group Consolidated Results	2 to 3	24
- Group Financial Structure	3	24
- Consolidated Balance Sheet	15	24

**4. Information incorporated from the First Amendment to the Universal Registration Document of Société Générale dated 12 March 2020\*\*\*\*\***

<b>Information</b>	<b>Incorporated from</b>	<b>Incorporated into this Registration Document on the following pages:</b>
	<b>the following pages of the First Amendment dated 7 May 2020 to the Universal Registration Document of Société Générale dated 12 March 2020</b>	
- 3.7 Litigation	35 to 37	24

- \* The non-incorporated parts of the documents are either not relevant for potential investors or are covered elsewhere in this Registration Document.
- \*\* The Registration Document of Société Générale dated 11 April 2019 has been approved by BaFin and has been published on the website of Société Générale (<https://www.sg-zertifikate.de/service/weitere-dokumente/registrierungsformulare-und-jahresabschluesse>) and can be downloaded by clicking on the following link: <https://www.sg-zertifikate.de/SiteContent/1/1/2/924/84/357e40954c814491b4d998710b2ed899.pdf>
- \*\*\* The 2020 Universal Registration Document of Société Générale dated 12 March 2020 has been filed with the Autorité des Marchés Financiers (AMF) and has been published on the website of Société Générale (<https://www.societegenerale.com/en/measuring-our-performance/information-and-publications/registration-documents>) and can be downloaded by clicking on the following link: [https://www.societegenerale.com/sites/default/files/documents/Document-d-enregistrement-universel/2020/sg\\_urd\\_eng\\_2020.pdf](https://www.societegenerale.com/sites/default/files/documents/Document-d-enregistrement-universel/2020/sg_urd_eng_2020.pdf)
- \*\*\*\* The press release of Société Générale dated 30 April 2020 and has been published on the website of Société Générale (<https://www.societegenerale.com/en/investors>) and can be downloaded by clicking on the following link: [https://www.societegenerale.com/sites/default/files/documents/R%C3%A9sultats%20financiers/2020/Q1/pr\\_q1\\_2020.pdf](https://www.societegenerale.com/sites/default/files/documents/R%C3%A9sultats%20financiers/2020/Q1/pr_q1_2020.pdf)
- \*\*\*\*\* First Amendment dated 7 May 2020 to the 2020 Universal Registration Document of Société Générale dated 12 March 2020 has been published on the website of Société Générale (<https://www.societegenerale.com/en/measuring-our-performance/information-and-publications/registration-documents>) and can be downloaded by clicking on the following link: [https://www.societegenerale.com/sites/default/files/documents/Document-d-enregistrement-universel/2020/1st-amendment-to\\_the-universal-registration-document-2020.pdf](https://www.societegenerale.com/sites/default/files/documents/Document-d-enregistrement-universel/2020/1st-amendment-to_the-universal-registration-document-2020.pdf)