

SOCIETE GENERALE PERFORMS THE FIRST FINANCIAL TRANSACTION SETTLED WITH A CENTRAL BANK DIGITAL CURRENCY

Press release

Paris, 20 May 2020

On 14 May 2020, Societe Generale SFH, the covered bond vehicle of Societe Generale, issued €40 million of covered bonds (“*obligations de financement de l’habitat*” or “OFH”)) as security tokens directly registered on a public blockchain. Rated Aaa by Moody's and AAA by Fitch, these OFH Tokens were fully subscribed by Societe Generale which simultaneously paid the issuer in a digital form of euros issued by Banque de France through a blockchain platform.

This experimentation was performed end-to-end using blockchain infrastructures, in accordance with best market practices. It demonstrates the feasibility of financial securities being digitally settled and delivered in Central Bank Digital Currency (CBDC) for interbank settlements. The challenge of this experimentation is to identify how innovative technologies could improve the efficiency and fluidity of payment systems and financial infrastructures, allowing a better financial sector to ensure the smooth financing of the economy. It paves the way for the automation and shortening of payment processes, with simplified market infrastructures and strengthened security.

This transaction follows in the footsteps of an initial issue worth €100 million in security tokens by Societe Generale SFH on 18 April 2019, which was settled in the traditional manner in euros. It seals a new stage in the development of Societe Generale Forge platform, aimed at promoting new blockchain-based market activities.

Innovation is central to Societe Generale Group's digital transformation. The Group has been involved for several years in numerous initiatives based on blockchain and distributed ledger technologies, which could pave the way for the automation and shortening of payment processes, with simplified market infrastructures and strengthened security. This test transaction carried out with the Banque de France is a new step in Societe Generale scaling up in its transformation, using the most innovative technologies, with the aim of better serving its clients.

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Societe Generale

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth. Committed to the positive transformations of the world's societies and economies, Societe Generale and its teams seek to build, day after day, together with its clients, a better and sustainable future through responsible and innovative financial solutions.

Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Societe Generale has over 138,000 members of staff in 62 countries and supports on a daily basis 29 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions. The Group is built on three complementary core businesses:

- **French Retail Banking** which encompasses the Societe Generale, 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.

Societe Generale is included in the principal socially responsible investment indices: DJSI (World and Europe), FTSE4Good (Global and Europe), Euronext Vigeo (World, Europe and Eurozone), four of the STOXX ESG Leaders indices, and the MSCI Low Carbon Leaders Index.

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