S&P Global Ratings

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Research Update:

Societe Generale Outlook Revised To Positive On Strengthened Performance And Capitalization; 'A/A-1' Ratings Affirmed

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Overview

- Société Generale (SG) could strengthen its resilience, with a risk-adjusted capital (RAC) ratio above 10% after having built up its capital base, and further supported by its ongoing transformation into a more profitable and efficient bank
- We think recent improvements in financial performance have strengthened management's credibility in narrowing the profitability gap with higher-rated peers.
- Up-coming September's new strategic plan may further boost SG’s earnings capacity and efficiency, notably via a deepened focus on costs, without compromising the bank’s risk profile.
- Therefore, we revised our outlook on SG to positive from stable and affirmed our 'A/A-1' long- and short-term issuer credit ratings.
- The positive outlook reflects our expectation that SG could demonstrate further consistent, profitable growth while improving its operational efficiency and maintaining underwriting discipline and strong capitalization.

Rating Action

On June 29, 2026, S&P Global Ratings revised its outlook on SG, its branches, and its banking subsidiaries, including Czech bank Komercni Banka and Ayvens, to positive from stable. The outlook on insurance arm Sogecap remains stable since we already rate this entity higher than SG's group stand-alone credit assessment.

At the same time, we affirmed our 'A/A-1' long- and short-term issuer credit ratings on all of SG's core banking entities, including Komercni Banka, our 'A+/A-1' resolution counterparty ratings, and our issue ratings on all related debt instruments. We also affirmed our 'A-/A-2' long- and short-term ratings on Ayvens, our 'A-' long-term rating on Sogecap, and our 'A/A-1' resolution counterparty ratings on SG Americas LLC.

Rationale

Our positive outlook reflects our view that SG could further strengthen its business performance. SG is well-placed to reduce its cost-to-income ratio to 60.0% by year-end 2026 (from 73.8% in 2023) and reach a return on tangible equity of above 10% by the end of 2026. Its new strategic plan due in September will be supported by the bank's solid foundations--a diversified business model, sound market positions, and balanced risk appetite--and will likely pay significant attention to areas requiring more discipline, such as costs and capital allocation. Ahead of this new plan, we think SG's management has gained credibility by delivering gradually higher financial targets built on prudent assumptions without compromising the bank's risk profile.

We forecast SG to maintain sustainably strong capitalization. Having strengthened capitalization after implementing its 2023 plan, we expect SG's risk-adjusted capital (RAC) ratio to remain above 10% over the next two years, in line with its target to maintain a common equity Tier 1 ratio above 13.0% (from 13.5% as of March. 31, 2026). While higher earnings also come with higher profit distribution, we expect risk-weighted assets (RWA) to grow by about 2.5%. Furthermore, we expect SG will maintain its additional loss-absorbing capacity (ALAC) ratio comfortably above the 6.0% threshold for a two-notch ALAC rating uplift, which will help to protect senior preferred creditors in the event of a resolution. We also anticipate sound funding and liquidity profile and robust asset quality will continue to underpin our ratings assessment.

Revenue remains sensitive to market conditions. SG's earnings rely more on corporate and investment banking businesses than most large French banks. SG's credit exposure in France is 43%, which makes the bank vulnerable to France's macroeconomic and political environment, including uncertainties around next year's elections. This raises the risk of more cyclical performance, although SG aims to improve its earnings stability by reducing its risk appetite.

We think SG can maintain asset quality. The bank's cost of risk remained low in first-quarter 2026, which is the bottom end of management's guidance of 25-30 basis points. We expect our nonperforming loan (NPL) ratio will be about 3.0% for the next two years, with stage 1 and 2 provisions likely increasing should the macro or geopolitical scenario deteriorate. As of March 2026, SG's NPL ratio was broadly flat at 2.75%. SG had a stock of provisions for performing loans of € 3.0 billion, which represented more than twice the bank's 2025 cost of risk. Exposure to private credit is about €14 billion (1.4% of group exposures), characterized by a highly diversified collateral base across thousands of names and a focus on prime clients. Data centers and IT consulting and software exposure amounts to € 12 billion (1.1% of group exposures).

Cost reductions remain key to enhancing further profitability and represent the most reliable driver of earnings expansion for SG's management. The efficiency ratio is on track to reach 60% in 2026 (from 74% in 2023), with further upside from structural cost-reduction initiatives, streamlining IT by cutting external providers to single digits from hundreds, and reducing the workforce, with a further 1,800 planned cuts in France announced in January 2026. Importantly, the transformation costs to deliver these savings are largely realized. SG is not the only cost-focused bank--BNP Paribas targets a cost-to-income ratio at about 50% by 2030 from 60% this year, so narrowing the gap with peers will be a key factor in our assessment.

Our negative comparable rating analysis adjustment reflects SG's need to further narrow the gap with higher-rated peers. This adjustment is informed by peer analysis and includes attributes not fully captured in our other rating factors. Specifically, we think the improvement in capital and earnings to strong from adequate merits a slightly weaker rating outcome when combined with other individual factors. Overall, while the operating environment in France will also be important, we believe SG needs to demonstrate its ability to grow and compete within its key segments and improve profitability metrics to better align its credit profile with other domestically important European banks that have an 'a-' stand-alone credit profile

We will likely cap our issuer credit ratings on SG by our rating on France. Currently, SG is rated one notch below the sovereign. Under our criteria, we typically cap our ratings on banks at the level of the sovereign rating on their home country. We make an exception if the bank has limited exposure to its domestic market and passes our sovereign stress test. In the unlikely event of a sovereign default, we view SG as unlikely to avoid a default on their senior debt obligations, given its exposure within France. Under the stresses likely to accompany a sovereign default, we consider that SG would face substantial impairments, which would erode its capital bases, as well as sizable liquidity outflows.

Outlook

Société Generale

The positive outlook indicates that we could raise our ratings over the next two years if SG continues to improve its operational efficiency, resulting in a more profitable bank that is resilient to unexpected stress. This would need to be combined with continued strong capitalization, as evidenced by management's current target of a common equity tier 1 ratio above 13%, an RAC ratio comfortably above 10%, and an ALAC buffer remaining commensurate with a two-notch uplift from the group's stand-alone creditworthiness.

Komercni Banka, a.s. (Komercni)

Our positive rating outlook on Komercni over the next two years reflects that on its parent, SG. We expect Komercni to remain a core subsidiary and consider it would likely benefit from parental support under any foreseeable circumstances. Therefore, any rating action on SG would result in a corresponding rating action on Komercni.

A deterioration in Komercni's stand-alone credit profile alone would not directly lead us to take a negative rating action, provided we still regard Komercni a core subsidiary of SG.

Ayvens

The positive outlook mirrors that on the parent SG and reflects that we could upgrade Ayvens if we upgrade the parent, all else being equal, given the subsidiary benefits from one notch of unused group support.

Downside scenario

Société Generale

We could revise outlook to stable over the next two years if:

- SG fails to deliver stronger and more consistent performance, which would make the bank vulnerable to an unexpected downturn. More adverse operating conditions, including in

France, could also pressure the ratings if they significantly weaken the bank's prospective asset quality and earnings.

- Its RAC ratio falls below 10% due to single event risks or a more aggressive capital returns policy.
- We forecast the ALAC ratio to fall below 6%.

Komercni Banka

We could revise outlook to stable if we take the same action on SG. While remote, we could downgrade Komercni if the group status weakens. The latter could occur if, for example, SG substantially reduces its majority stake in the bank, if the group's strategic interest in Central and Eastern Europe declines, or if Komercni's relative weight within the group decreases notably, for instance in terms of equity or revenue contribution.

Ayvens

We could revise our outlook on Ayvens back to stable should we take similar action on SG. We could also revise the outlook back to stable should we anticipate negative pressure on Ayvens' stand-alone credit profile, which could stem from a material weakening in the company's ability to cover its balance sheet risks through its capitalization and earnings capacity.

Upside scenario

Société Generale

We could raise the ratings in the next two years if SG narrows its efficiency and profitability gap with higher-rated peers while maintaining its stronger capitalization, as well as demonstrating its ability to grow and compete in its key segments, with balanced divisional earnings contributions. This would support a higher capital and earning assessment if the bank maintains its robust capital base, with an RAC ratio sustainably above 10%, and maintains underwriting discipline. We expect the bank to maintain its ALAC buffer above 6% of its S&P Global Ratings' RWAs.

Komercni Banka

We would raise our ratings on Komercni in line with an upgrade to the parent.

Ayvens

An upgrade to Ayvens could result from an upgrade to SG to 'A+', all else being equal. Although remote, it could also result from our opinion that Ayvens had become a core subgroup of SG (from a material strategic subgroup currently).

Rating Component Scores

Societe Generale--Rating component scores

	To	From
Issuer Credit Rating	A/Positive/A-1	A/Stable/A-1
SACP	bbb+	bbb+
Anchor	bbb+	bbb+
Business position	Adequate (0)	Adequate (0)
Capital and earnings	Strong (+1)	Adequate (0)
Risk position	Adequate (0)	Adequate (0)

Societe Generale--Rating component scores

	To	From
Funding and liquidity	Adequate and Adequate (0)	Adequate and Adequate (0)
Comparable ratings analysis	-1	0
Support	2	2
ALAC support	2	2
GRE support	0	0
Group support	0	0
Sovereign support	0	0
Additional factors	0	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

Related Criteria

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, May 5, 2026
- General Criteria: Hybrid Capital: Methodology And Assumptions, Oct. 13, 2025
- General Criteria: National And Regional Scale Credit Ratings Methodology, June 8, 2023
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Bulletin: French Banks' 2025 Results Support Stable Outlook In 2026, Feb. 13, 2026
- Six Large French Banking Group Ratings Affirmed After Resilience Review; Outlooks Stable, Dec. 8, 2025

Ratings List

Ratings List
Ratings Affirmed; Outlook Action

Ratings List

	To	From
Ayvens		
Issuer Credit Rating	A-/Positive/A-2	A-/Stable/A-2
Foreign Currency	A-/Positive/A-2	A-/Stable/A-2
Societe Generale		
Komercni Banka A.S.		
SG Americas Securities LLC		
Societe Generale (New York Branch)		
Societe Generale Luxembourg S.A.		
Issuer Credit Rating	A/Positive/A-1	A/Stable/A-1
Foreign Currency	A/Positive/A-1	A/Stable/A-1
Ratings Affirmed		
Societe Generale		
Certificate Of Deposit		
Foreign Currency	A	
Local Currency	A/A-1	
Foreign Currency	A	
SG Americas Securities LLC		
Resolution Counterparty Rating	A/--/A-1	
Foreign Currency	A/--/A-1	
Societe Generale		
Komercni Banka A.S.		
Societe Generale (New York Branch)		
Societe Generale Luxembourg S.A.		
Resolution Counterparty Rating	A+/--/A-1	
Foreign Currency	A+/--/A-1	
Sogecap S.A.		
Issuer Credit Rating		
Local Currency	A-/Stable/--	
Financial Strength Rating		
Local Currency	A-/Stable/--	
Societe Generale		
Senior Subordinated	BBB	
Junior Subordinated	BB	
Commercial Paper	A	
Ayvens		
Senior Unsecured	A-	
SG Issuer		
Resolution Counterparty Liability	A+	
Short-Term Secured Debt	A-1	
Societe Generale (Canada)		
Commercial Paper	A-1(MID)	
Societe Generale		

Ratings List

SG Issuer	
SG Structured Products Inc.	
Senior Unsecured	Ap
Societe Generale	
SG Issuer	
SG Structured Products Inc.	
SGA Societe Generale Acceptance N.V.	
Societe Generale (Sydney Branch)	
Senior Unsecured	A
Societe Generale	
Societe Generale (Canada)	
Societe Generale N.A. Inc.	
Commercial Paper	A-1
Societe Generale	
Sogecap S.A.	
Subordinated	BBB-
Sogecap S.A.	
Subordinated	BBB

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