

GROUP MEDIUM-TERM STRATEGY FOR GLOBAL BANKING AND INVESTOR SOLUTIONS

Press release

Paris, 10 May 2021

The Group presents today the medium-term strategy for its Global Banking and Investor Solutions core business and underscored the key feature of these activities in its diversified banking model. Société Générale's goal is to consolidate its position as a top-tier European corporate and investment bank.

The roadmap has set three priorities:

- **revive strong and sustainable growth by retaining a client-centric strategy and making targeted and balanced capital allocation adjustments in favour of financing, advisory and transaction banking**
- **push ahead with cost reductions, the ongoing aim of which is to improve the operating leverage**
- **keep a tight rein on risks and make results less sensitive to market dislocations.**

Société Générale also intends to increase its ESG commitments and hold a top-ranking position in this field. It will make this major strategic pillar the bedrock underpinning both the corporate and investment banking arm's actions and those of the entire Group.

From a financial standpoint, Global Banking and Investor Solutions is targeting profitability on normative equity (RONE) of over 10% from 2023, representing more than 12% when adjusted for the Single Resolution Fund contribution, whose initial building phase is to be completed by the end of 2023.

Since the beginning of an unprecedented year 2020 that was dominated by the effects of the health crisis, Global Banking and Investor Solutions provided unwavering support to its clients. It further demonstrated its ability to adapt and bounce back, all of which is highlighted by its Q1 2021 performance. After successfully transforming the **Global Banking and Investor Solutions** core business over the past two-or-more years by refocusing on core franchises, reducing costs and de-risking the Global Markets business, whilst preserving its client franchises, **Global Banking and Investor Solutions is determined to execute its strategic plan to deliver sustained and profitable growth.**

The Group will draw on some powerful attributes to ensure the roadmap is a success. It has been able to **forge lasting ties with an extensive and stable client base** thanks to the **value-added of its franchises and the proven expertise** of its globally recognised businesses. On that score, the Group ranks among the leading corporate and investment banks for revenues generated from allocated capital.

Global Banking and Investor Solutions intends to pursue disciplined and profitable growth by fully exploiting its areas of excellence which are perfectly adapted to increasing demand anticipated in the post-crisis period, particularly across infrastructure financing, the energy transition, real assets, growth-driving businesses and investment solutions. **This will go hand in hand with a gradual and coherent shift in the weight of the businesses**, particularly between Global Markets and the Financing & Advisory activities, by making targeted capital allocations to identified growth initiatives according to the clients, businesses and geographies in question.

The Group aims to lock in average annual revenue growth of approximately 3% between 2020 and 2023 for the Financing & Advisory businesses and normalise revenues in Global Markets and Investor Solutions to around EUR 5 billion in 2023, of which EUR 4.5 billion in annual run-rate revenues is expected from Global Markets.

The Group's priority is to grow **"ESG by design" businesses**, with an objective of doubling by 2025 ESG-related revenues in both Global Markets and Investor Services, and Financing & Advisory.

Investments in innovative technologies and digitalising businesses and processes have been placed at the forefront of our priorities in order to meet customer requirements and retain our competitive edge. Other investment priorities include the ongoing automation of front-to-back processes and increased connectivity with client systems to provide best execution to customers and enhance our process efficiency.

Tied in with this objective is the Group's relentless focus to reduce costs and **improve the operating leverage** of Global Markets and Investor Solutions' activities. Business attrition will not be harmed by our disciplined approach to costs in light of our **durable commitment to maintain a positive jaws effect between evolving costs and revenues**. Global Banking and Investor Solutions (excluding Asset and Wealth Management businesses) will in particular benefit from a reduction in the cost base of EUR 450 million by 2022-2023, announced in the first half of 2020. Accordingly, it is targeting a cost base of between EUR 5.5 billion and EUR 5.7 billion in 2023, thereby generating a cost-to-income ratio of between 70% and 73% (or between 65% and 68% excluding Single Resolution Fund contribution).

Last, the Group intends to **press on with stringent risk management** of both market and credit risks, notably against a backdrop of lower market risk appetite, and prudently manage its counterparty risk. It furthermore aims to ensure that all risk categories are diversified healthily across its businesses.

On the basis of this roadmap, the Group is targeting profitability on normative equity (RONE) in Global Banking and Investor Solutions activities of more than 10% from 2023, representing over 12% adjusted for the Single Resolution Fund contribution (whose initial building phase is to be completed by the end of 2023), which integrates expected Basel IV capital requirements and cost of risk converging to through-the-cycle average.

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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, aiming to be the trusted partner for its clients, committed to the positive transformations of society and the economy.

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 133,000 members of staff in 61 countries and supports on a daily basis 30 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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