

# SOCIETE GENERALE



PREMIUM REVIEW | 03.12.2020

**THE FUTURE  
IS YOU**  **SOCIETE  
GENERALE**

# DISCLAIMER

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This presentation contains forward-looking statements relating to the targets and strategies of the Societe Generale Group.

These forward-looking statements are based on a series of assumptions, both general and specific, in particular the application of accounting principles and methods in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union, as well as the application of existing prudential regulations.

These forward-looking statements have also been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. The Group may be unable to:

- anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences;
- evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document and the related presentation.

Therefore, although Societe Generale believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, in particular in the Covid-19 crisis context, including matters not yet known to it or its management or not currently considered material, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among others, overall trends in general economic activity and in Societe Generale's markets in particular, regulatory and prudential changes, and the success of Societe Generale's strategic, operating and financial initiatives.

More detailed information on the potential risks that could affect Societe Generale's financial results can be found in the Universal Registration Document filed with the French Autorité des Marchés Financiers.

Investors are advised to take into account factors of uncertainty and risk likely to impact the operations of the Group when considering the information contained in such forward-looking statements. Other than as required by applicable law, Societe Generale does not undertake any obligation to update or revise any forward-looking information or statements. Unless otherwise specified, the sources for the business rankings and market positions are internal.

The financial information presented for the quarter and nine months ending 30 September 2020 was reviewed by the Board of Directors on 4 November 2020 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at this date. This information has not been audited.

# Q3 RESULTS CONFIRM REBOUND



**PEAK IMPACT OF THE  
CRISIS IN H1 20**

**BETTER BUT STILL  
UNCERTAIN ECONOMIC  
ENVIRONMENT**

## **REBOUND IN BUSINESS PERFORMANCE VS. Q2 20**

Group revenues up  
+11.4%\* in Q3 20 vs. Q2 20

## **FURTHER DECREASE IN COSTS**

-5.6%\* vs. Q3 19  
Positive jaws effect

## **SIGNIFICANT DECREASE IN COST OF RISK vs. Q2 20**

**INCREASE IN GROSS  
OPERATING INCOME**  
(+14.6%\* vs. Q3 19)

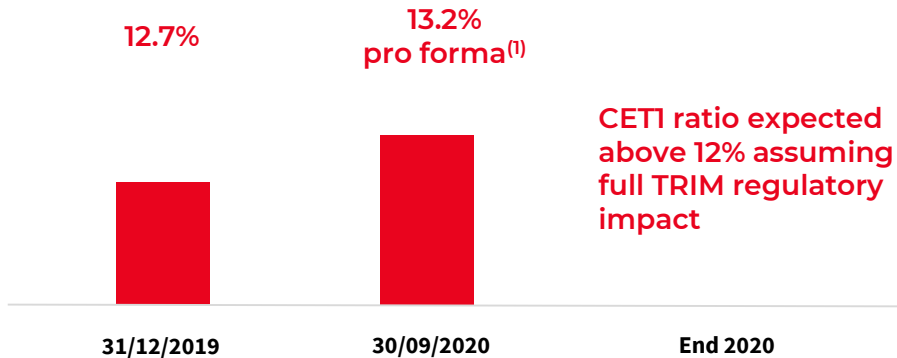
**GROUP NET INCOME**  
EUR 862m in Q3 20

**CONFIRMED 2020  
GUIDANCES**

# SOLID BALANCE SHEET

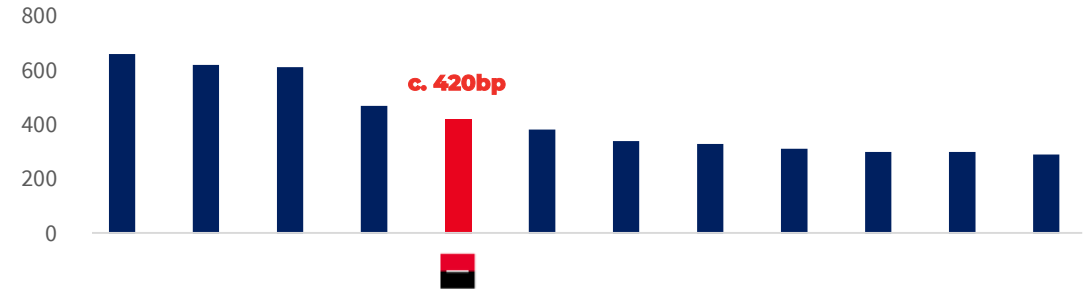
## IMPROVED CAPITAL GUIDANCE, SIGNIFICANT BUFFER OVER MDA

### CET 1 Ratio



### Comfortable buffer over MDA

Comparison to European peers Q3 20<sup>(2)</sup>



## STRONG LIQUIDITY AND FUNDING PROFILE

2020 funding program completed, 2021 pre-funding already started

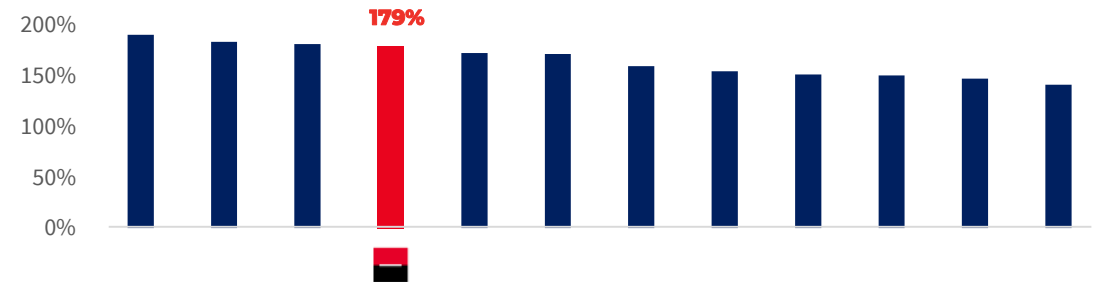
Successful issuance of a Tier 1 and a Tier 2 in Q4 20

High liquid assets buffer of EUR 233bn as of 30.09.20

Balance sheet meeting MREL requirement

### LCR<sup>(3)</sup>

Comparison to European peers Q3 20



Based on reported information – group of listed banks used in the Universal Registration Document

- (1) Including closing of SG Finans on October 1<sup>st</sup> for +10bp and IFRS 9 phasing for +19bp
- (2) Maximum Distributable Amount for European banks, or minimum regulatory requirement for the other banks on a phased in ratio. MDA considering a P2R add-on for European banks under article 104a of CRD5. Figures as of 30.09.20 depending on available published information
- (3) End of period figures or figures based on period average or yearly average, depending on available published information.

# SOUND RISK PROFILE

## STRONG ASSET QUALITY

### SOUND AND DIVERSIFIED PORTFOLIOS

58% of corporate exposure on credit risk on investment grade counterparties

Exposure to most affected sectors, -4pp below European banks average according to EBA methodology<sup>(1)</sup>

Residential mortgages > 50% of retail credit risk, mostly in France (with ~80% of outstandings secured by Crédit Logement)

Solid specialised consumer finance exposure (with ~65% of outstandings in car finance)

### LOW NPL RATIO

3.4% at 30/09/2020

### LIMITED IMPACT OF EXPIRED MORATORIUM

EUR 9bn expired out of EUR 35bn as of 30/09/2020, no material sign of deterioration

Exposures as of end of June 2020

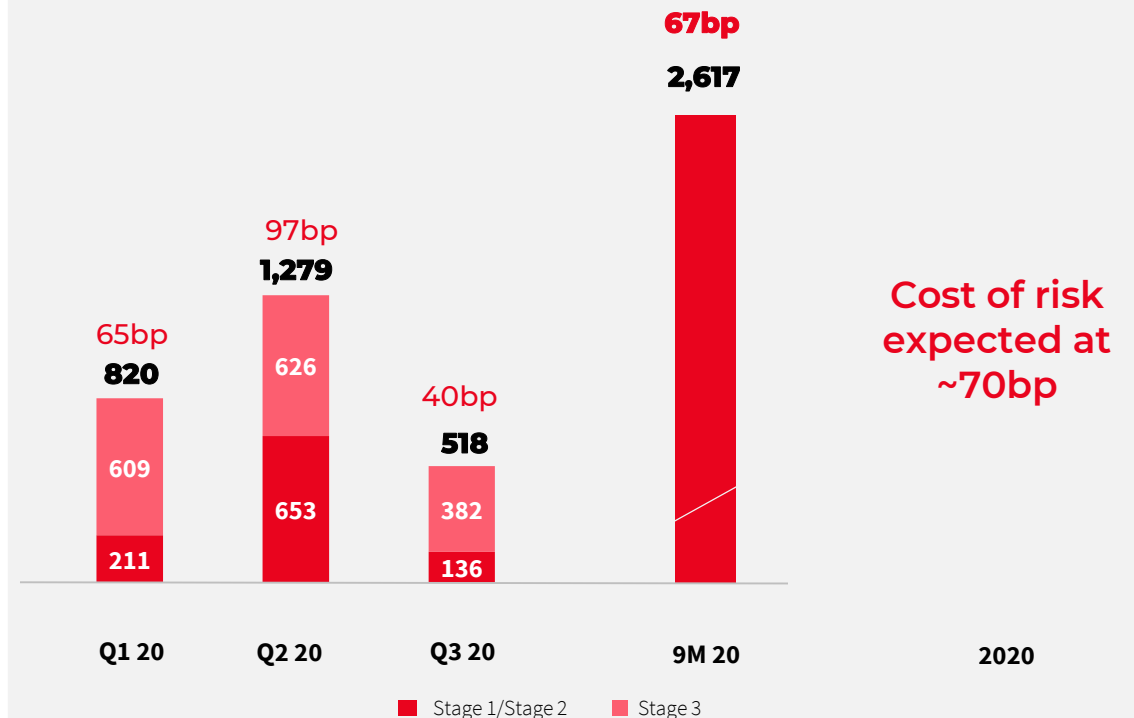
(1) Exposure to most affected sectors – Spring 2020 EU-wide transparency exercise (EBA)

December 2019 - Loans and advances to non-financial corporations other than held for trading – gross carrying amount

(2) Outstandings at beginning of period. Annualised.

## PRUDENT PROVISIONING APPROACH

\_ Cost of risk<sup>(2)</sup> (in EURm)



# NEW STAGE IN ENERGY TRANSITION LEADERSHIP

## STRENGTHENING COMMITMENT



### #1 worldwide in renewable energy financing<sup>(1)</sup>

- ✓ Share of renewable energies in the electricity mix financed by the Bank exceeds 50% at mid-2020



### New target to align oil and gas activities

- ✓ Reduce overall exposure to oil and gas extraction sector by 10% by 2025
- By supporting the energy transition of our clients, through a priority of financing renewable energies and gas in the transition phase
- By stopping new financing of onshore oil & gas extraction in the US (Reserve Based Lending)



### Accelerating exit from coal

- ✓ Reduce to zero our exposure to thermal coal in 2030 in OECD and EU countries and 2040 elsewhere



### Further alignment across all sectors

- ✓ IEA SDS 2020 scenario serving as Group's reference
- ✓ Progress underway to set further sector targets

(1) Source: IJ Global, end-September 2020

(2) A5-bank pledge of Societe Generale, BBVA, BNP Paribas, ING and Standard Chartered

## LEADING INDUSTRYWIDE EFFORT



### Common methodology to enable alignment of credit portfolios with the Paris Agreement

- ✓ PACTA for Banks: joint publication of a methodology with the Katowice Banks<sup>(2)</sup>



### Co-constructing with clients for new business solutions

- ✓ First commercial bank to sign CFO Principles for SDG-aligned corporate finance



### Delivering best-in-class frameworks and reporting

- ✓ Publication of a new Sustainable and Positive Impact Bond Framework : Societe Generale EUR 1bn Green Positive Impact bond issue
- ✓ Second Climate Disclosure report published

# DIFFERENTIATING FURTHER OUR POSITIONNING IN THE FRENCH RETAIL MARKET

STUDYING THE  
COMBINATION OF  
CREDIT DU NORD  
AND SOCIETE  
GENERALE



**UNIVERSAL BANK**

**~7.3m clients**

Focus on wealthy clients  
Strong on nationwide SMEs and large corporates

**ADAPTED NETWORK,  
STRONG DIGITAL POSITION**



Crédit du Nord

**REGIONAL BANKS**

**~2.4m clients**

Highly regarded professional franchise  
High penetration on local SMEs and  
Entrepreneurs

**PROXIMITY AND  
LOCAL FOOTPRINT**

KEEP DEVELOPING  
BOURSORAMA



**FULLY DIGITAL**

**~2.5m clients**

**#1** online bank in France  
Digital & autonomous clients

Targeting **>3m** clients **by 2021**

**A FULL-SERVICE BANKING MODEL**

A simple but comprehensive offer  
Active & equipped clients

**EFFICIENT OPERATING MODEL**

**COMMUNICATION ON DECEMBER, 7th**

# INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES

## WELL POSITIONED TO CAPTURE GROWTH POTENTIAL IN INTERNATIONAL RETAIL BANKING

Refocusing completed

Good commercial dynamism in all regions

Further progress in digital adoption

50% digital customers<sup>(1)</sup>, 72% for Komerční Banca clients, vs. 47% market average in Europe<sup>(2)</sup>

KB 2025 strategic plan: be a leader in the new era of digital banking for 2 million active clients

## DELIVERING RESILIENCE AND PROFITABILITY IN INSURANCE AND FINANCIAL SERVICES

Pursue partnerships development in insurance and increase retail client equipment rate

ALD 2025 ambition: become a fully integrated sustainable mobility provider and the global leader in the car leasing industry

(1) Average across Group's European entities,% digital clients=30-dayactive customers in online or mobile channel/active customers(as at en-June 2020).

(2) Source: Finalta, Retail Digital and Multichannel Benchmark, 2020



# KB CHANGE 2025 STRATEGIC FRAMEWORK

**BE A LEADER IN THE NEW ERA OF DIGITAL BANKING, FOR 2 MILLION ACTIVE CLIENTS**

## Operating on healthy market with solid growth potential

One of the best retail market in one of the most robust country

## Strategy built upon 3 pillars: helpfulness, growth, and responsibility

### Ambitions

Affirming Agile leadership position in European context

Attaining leadership position in digital banking by launching a New Digital Bank , delivering seamless omnichannel client experience

Assuring long-term relevance via responsibility and effectiveness

Finding new sources of revenues via cooperation with FINTECHs

Adapting network to changed client preferences: optimisation through digitisation, branch reduction & cash-less, middle & back office automation & robotics, followed by support functions

## Reaffirm leading operational efficiency position within CEE region

## Pillar of profitability for Societe Generale

(1) KB Group, including contribution from non-organic growth

(2) Bank only, not including contribution from non-organic growth

(3) KB local IFRS scope

## 2025 TARGETS



**2m** clients <sup>(1)</sup>



Further increase **client satisfaction**



**200** branches<sup>(2)</sup> (-142 vs. 2019)



**Dynamic growth** of revenues  
**Operating jaw effect**

Cost/income ratio <sup>(1,2,3)</sup>: **40%**

ROE<sup>(1,3)</sup>: **15%**

# ALD “MOVE 2025” STRATEGIC PLAN

## BECOME A FULLY INTEGRATED SUSTAINABLE MOBILITY PROVIDER AND THE GLOBAL LEADER IN THE CAR LEASING INDUSTRY

### # Move for Customers

Be recognised as the most innovative provider of mobility products and services through digitalisation, customisation, flexibility, excellent customer experience and a unique mobility brand

### # Move for Growth

Be the global leader in sustainable mobility solutions by extending geographical coverage and customer reach with new partners in the mobility ecosystem, value-accretive acquisitions and new mobility solutions.

### # Move for Good

Place people and corporate social responsibility at the heart of the business model

### # Move for Performance

Generate value over the economic cycle within a robust business operating framework to grow the company in a cost-efficient manner



c. **2.3** million contracts



Up to **50** countries

c. **15%** CAGR 19-25 private lease & new mobility contracts

**-40%** Co2 emission for new contracts in 2025

**30%** of new car deliveries to be EV

Cost/income ratio<sup>(1)</sup> down to **46%-48%**

**50-60%** Dividend payout ratio<sup>(2)</sup>

For additional information regarding ALD's targets, please refer to ALD capital market day presentation dated 12 November 2020

(1) Excluding UCS result

(2) Maintaining Total Equity to Total Assets range in line with historical range thanks to strong capital generation

# GLOBAL BANKING AND INVESTOR SOLUTIONS

## NORMALISING PERFORMANCE IN Q3 20

### Leading franchises seizing business opportunities

Leadership positions in Europe in Financing & Advisory  
Normalisation in Global Markets with a rebound in Equities  
Recovery on revenues: +10.8%\* vs Q2 20

### On track to achieve cost reduction target, significant benefits already visible

-9.7%\* vs 9M-19, positive jaw effects  
EUR 450bn cost initiatives in Global Markets by 2022/2023

## ONGOING REDESIGN OF STRUCTURED PRODUCT FRANCHISE

### Derisking according to the plan in equity and credit structured products

Reduction of the exposure to the most complex products  
Adjustment of risk appetite

### While maintaining leadership position in Investment solutions

Developing **innovative products** matching client needs (Euro Evolution: next generation of autocalls with ESG filters, reduced exposure to dividend as well as volatility and correlation)

Leveraging on diversified **listed products offer: #1** Issuer in Public Distribution Products in Germany<sup>(1)</sup> for the 1<sup>st</sup> time following successful integration of EMC

## COMMUNICATION IN Q1 21

# DISCIPLINED AND SHAREHOLDER FRIENDLY CAPITAL MANAGEMENT

## DIVIDEND PROVISION

**EUR 0.21** per share for 9M 20

## DIVIDEND POLICY

50% payout of the underlying Group net income<sup>(2)</sup>, of which up to 10% in share buy back<sup>(1)</sup>

**High level of capital (~420bp<sup>(3)</sup> buffer over regulatory requirement) giving the Group flexibility in terms of shareholders' return**

(1) Subject to General Meeting of Shareholders and regulatory approval

(2) After deduction of interests on deeply subordinated notes and undated subordinated notes

(3) Including 10bp impact of closing of SG Finans dated 1 October 2020

# SAVE THE DATE



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