

OCTOBER 2021

# **SG SFH & SG SCF** **SOCIETE GENERALE** **COVERED BOND** **PROGRAMS**



COVERED BOND  
- LABEL -

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INVESTOR PRESENTATION

**THE FUTURE  
IS YOU**



**SOCIETE  
GENERALE**

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# 1

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## SOCIÉTÉ GÉNÉRALE GROUP

**Group Results**

# Q2 21 : EXCELLENT PERFORMANCE ACROSS ALL BUSINESSES

## DOUBLE-DIGIT EARNINGS GROWTH

**Revenues** **+18.2%** (+20.5%\*)  
vs. Q2 20

Strong quarter in Global Markets and solid momentum in Financing & Advisory  
High growth in Financial Services  
Rebound in retail activities

**Gross Operating Income** **+55%<sup>(1)</sup>** (EUR 2bn<sup>(1)</sup>)  
vs. Q2 20

**Low cost of risk** **11BP**

## IMPROVING 2021 OUTLOOK

**Expected revenue growth across all businesses**

**Positive jaws and cost discipline**

**Downward revision of cost of risk guidance** (between 20bp and 25bp)

## ATTRACTIVE SHAREHOLDER RETURN

**Strong capital position at 13.4%<sup>(2)</sup>** well above target thanks to sustained organic capital generation

**Confirmed share buy-back programme in Q4 21**, equivalent to 2020 dividend (~ EUR 470m)<sup>(3)</sup>

**Provision of dividend<sup>(4)</sup> EUR 1.2** per share  
in H1 21

**GROUP NET INCOME AT EUR 1.35bn<sup>(1)</sup> (EUR 2.65bn<sup>(1)</sup> IN H1 21)**  
**ROTE AT 10.4%<sup>(1)</sup> (10.2%<sup>(1)</sup> IN H1 21)**

(1) Underlying data: adjusted for exceptional items and IFRIC 21 linearisation (see Supplement) (2) Including IFRS9 phasing, 13.2% fully-loaded

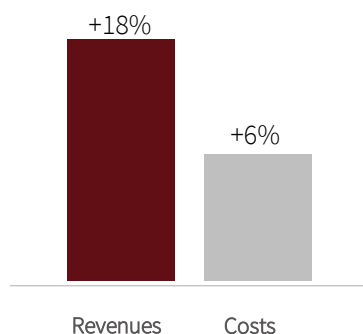
(3) Subject to regulatory approval (4) Based on a payout of 50% of the underlying group net income after deduction of interests on deeply subordinated notes and undated subordinated notes

\* When adjusted for changes in Group structure and at constant exchange rates

# Q2 21: STRONG EARNINGS GROWTH

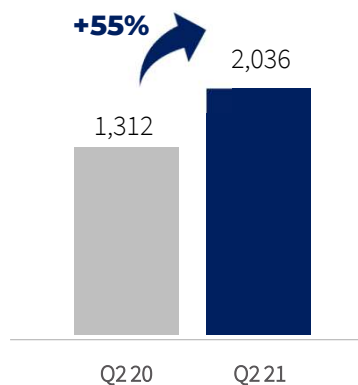
## POSITIVE JAWS ACROSS BUSINESSES

\_Variation of revenues and underlying costs<sup>(1)</sup> Q2 21/Q2 20



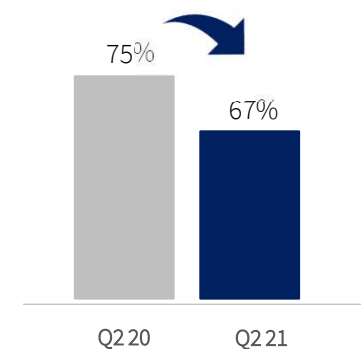
## GROSS OPERATING INCOME

\_Underlying Gross Operating Income<sup>(1)</sup> (EURm)



## COST/INCOME RATIO

\_Underlying cost/income ratio<sup>(1)</sup>



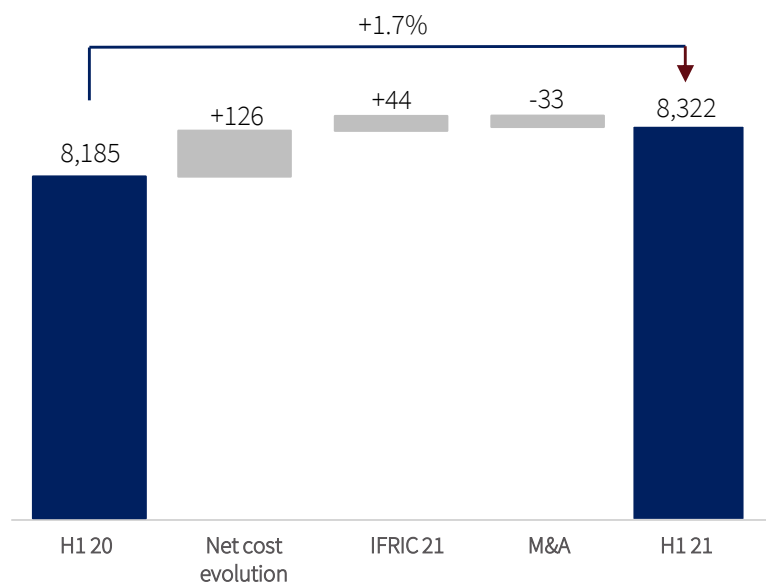
**REPORTED GROUP NET INCOME AT EUR 1.44bn, ROTE AT 11.2%**  
**UNDERLYING GROUP NET INCOME AT EUR 1.35bn<sup>(1)</sup>, ROTE AT 10.4%<sup>(1)</sup>**

(1) Underlying data: adjusted for exceptional items and IFRIC 21 linearisation (see Supplement)

# PURSUED COST DISCIPLINE

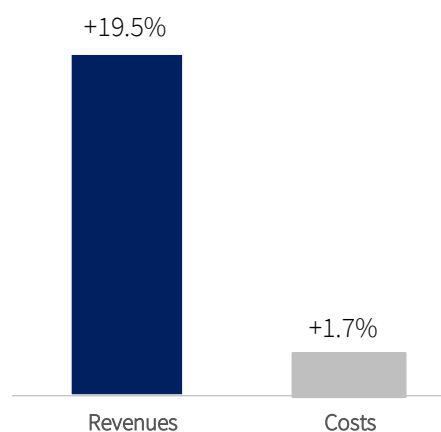
## H1 21 COSTS

Underlying costs (EURm)<sup>(1)</sup>



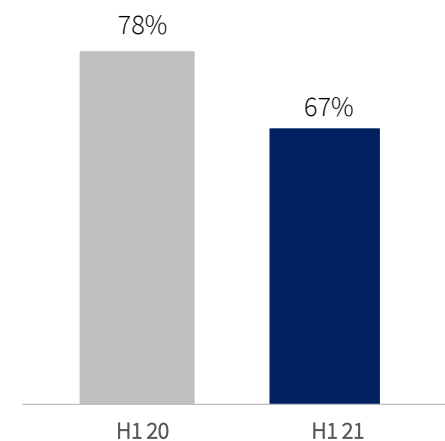
## H1 21 STRONG POSITIVE JAWS

Variation of revenues and underlying costs <sup>(1)</sup>  
H1 21/H1 20



## COST/INCOME

Underlying cost/income <sup>(1)</sup> H1 21/H1 20

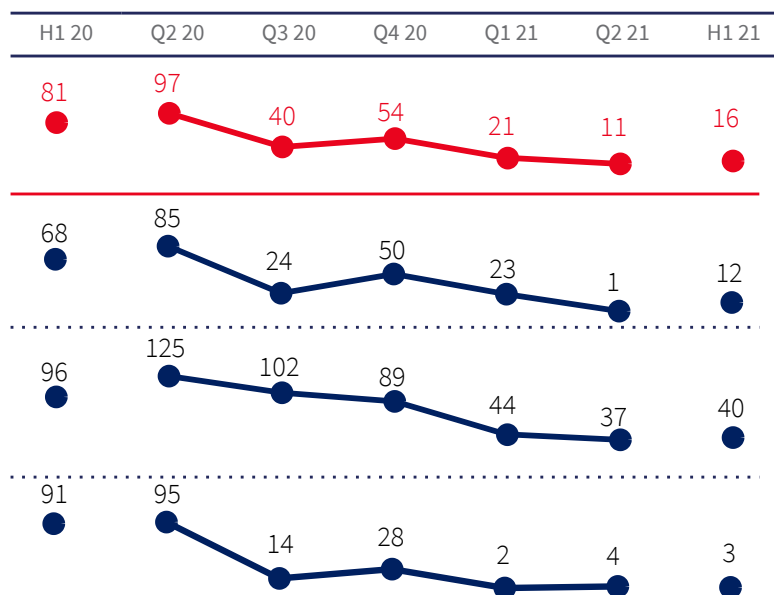


**LIMITED COST INCREASE EXPLAINED BY VARIABLE COSTS LINKED TO REVENUE GROWTH AND HIGHER IFRIC 21 CHARGES**

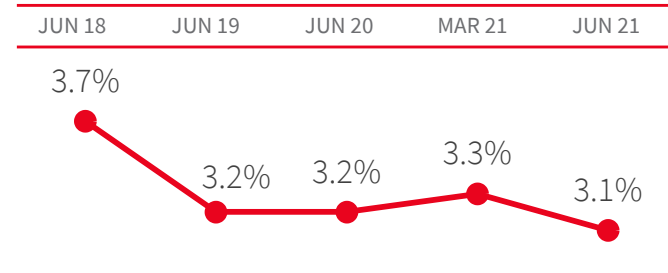
(1) Underlying data: adjusted for exceptional items and IFRIC 21 linearisation (see Supplement)

# LOW COST OF RISK ACROSS ALL BUSINESSES

Cost of risk<sup>(1)</sup> (in bp)



## NON-PERFORMING LOANS RATIO<sup>(2)</sup>



**GROSS COVERAGE RATE:** 52% at end-June 21

**2021 COST OF RISK EXPECTED BETWEEN 20BP AND 25BP**

(1) Calculated based on Gross loans outstanding at the beginning of period (annualised)

(2) According to new EBA methodology published on 16 July 2019. The NPL rate calculation was modified in order to exclude the net accounting value of the tangible assets for operating lease from the gross exposure in the denominator. Historical data restated (see Supplement)

# REGULATORY RATIOS COMFORTABLY ABOVE MINIMUM REQUIREMENTS

	Requirements <sup>(1)</sup>	End-Q2 21 ratios Including IFRS9 phasing	End-Q2 21 ratios Fully-loaded
CET1	9.02% <sup>(2)</sup>	13.4%	13.2%
Total Capital	13.3%	19.2%	19.0%
Leverage ratio	3.1%	4.6% <sup>(5)</sup>	4.5% <sup>(5)</sup>
TLAC	19.5% (% RWA) <sup>(3)</sup> 6.0% (% leverage)	30.5% (% RWA) 8.8% (% leverage)	30.3% (% RWA) 8.7% (% leverage)
MREL	25.2% (% RWA) <sup>(4)</sup> 5.91% (% leverage) <sup>(4)</sup>	>25.2% (% RWA) >5.91% (% leverage)	>25.2% (% RWA) >5.91% (% leverage)
LCR	>100%	136% <sup>(6)</sup>	
NSFR	>100%	>100%	

(1) Requirements are presented as of today's status of regulatory discussions (NSFR requirement applicable from mid-2021, leverage requirement from 2023)

(2) Excluding Pillar 2 Guidance add-on. With application of Art 104.a : 77bp benefit on previous 1.75% P2R

(3) Excluding counter cyclical buffer (4bps as of 30.06.21)

(4) Requirements applicable from 01/01/2022

(5) Taking into account the prolongation of the quick-fix arrangement allowing banks to exclude cash deposited in central banks

(6) Average in Q2 2021

# LONG TERM FUNDING PROGRAMME

Long term vanilla funding programme completed giving flexibility to consider 2022 prefunding in H2

## 2021 funding programme:

- c. EUR 14.5bn of vanilla debt, well balanced across the different formats
- c. EUR 16bn of structured notes issuance

## As at 16.07.2021,

- **Completion of c. 100% of the vanilla funding programme**
- EUR 12bn of structured notes

## Competitive funding conditions:

- MS6M+42bp (incl. SNP, SP and CB) vs. MS6M+59bp in FY 2020
- Average maturity of 5.5 years vs. 5.4 years in FY 2020

Additional EUR 1.4bn **issued by subsidiaries**

**Diversification of the investor base** by issuing across different currencies, maturities and type

(1) Excluding structured notes

## 2021 EXPECTED LONG TERM FUNDING PROGRAM <sup>(1)</sup>

Senior Preferred and Secured debt

~EUR 3.5bn

Senior Non Preferred debt

~EUR 6-7bn

Subordinated debt (AT1/T2)

~EUR 4.5bn

## SELECTION OF Q2 TRANSACTIONS



**Societe Generale**

PerpNC5 AT1

4.75% 26-May-2026

USD 1,000,000,000



**Societe Generale**

6NC5 & 11NC10 Senior Non Preferred

1.792% 9-June-27NC26 USD 1,250,000,000

2.889% 9-June-32NC31 USD 1,250,000,000



**Societe Generale**

8NC7 Senior Non Preferred

3.55% 16-June-29NC28

CNY 1,100,000,000



**Societe Generale**

6Y Senior Preferred

0.25% 8-July-27

EUR 1,000,000,000

SECOND QUARTER AND FIRST HALF 2021 RESULTS 3 AUGUST 2021

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# FRENCH RETAIL BANKING RESULTS

**REVENUES +8.0%<sup>(2)</sup> vs. Q2 20**  
Revenue growth expected in 2021

**Net interest margin +1.6%<sup>(2)</sup> vs. Q2 20**, still impacted by deposit growth in a low interest rate environment

**Good momentum in fees +9.7% vs. Q2 20**

**OPERATING EXPENSES +5.2% vs. Q2 20**

**POSITIVE JAWS**

**H1 21 RONE at 12.3%<sup>(1)</sup>**

<i>In EURm</i>	Q2 21	Q2 20	Change	H1 21	H1 20	Change
Net banking income	1,906	1,754	+8.7%	3,753	3,634	+3.3%
<i>Net banking income excl. PEL/CEL</i>	<i>1,889</i>	<i>1,749</i>	<i>+8.0%</i>	<i>3,748</i>	<i>3,654</i>	<i>+2.6%</i>
Operating expenses	(1,297)	(1,233)	+5.2%	(2,750)	(2,683)	+2.5%
<b>Gross operating income</b>	<b>609</b>	<b>521</b>	<b>+16.9%</b>	<b>1,003</b>	<b>951</b>	<b>+5.5%</b>
<i>Gross operating income excl. PEL/CEL</i>	<i>592</i>	<i>516</i>	<i>+14.7%</i>	<i>998</i>	<i>971</i>	<i>+2.8%</i>
Net cost of risk	(6)	(442)	-98.6%	(129)	(691)	-81.3%
<b>Operating income</b>	<b>603</b>	<b>79</b>	<b>x 7.6</b>	<b>874</b>	<b>260</b>	<b>x 3.4</b>
<b>Reported Group net income</b>	<b>438</b>	<b>60</b>	<b>x 7.3</b>	<b>641</b>	<b>279</b>	<b>x 2.3</b>
<i>Underlying Group net income (1)</i>	<i>398</i>	<i>40</i>	<i>x 9.9</i>	<i>693</i>	<i>339</i>	<i>x 2</i>
RONE	15.6%	2.1%		11.4%	4.9%	
<b>Underlying RONE(1)</b>	<b>14.2%</b>	<b>1.4%</b>		<b>12.3%</b>	<b>6.0%</b>	

**Q2 21 RONE: 14.2%<sup>(1)</sup> (15.1%<sup>(1)</sup> excl. Boursorama)**

(1) Underlying data : adjusted for exceptional items, excluding PEL/CEL provision and IFRIC 21 linearisation (see Supplement)

(2) Excluding PEL/CEL provision

# INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES RESULTS

REVENUES +17.0%\* vs. Q2 20

International Retail Banking revenues  
+7.9%\* vs. Q2 20

Outstanding performance in Insurance and  
Financial Services with revenues +35.4%\*  
vs. Q2 20

OPERATING EXPENSES +6.1%<sup>(1)</sup>\* vs. Q2 20

POSITIVE JAWS

H1 21 RONE at 18.7%<sup>(1)</sup>

<i>In EURm</i>	Q2 21	Q2 20	Change		H1 21	H1 20	Change	
Net banking income	1,989	1,750	+13.7%	+17.0%*	3,851	3,714	+3.7%	+8.2%*
Operating expenses	(1,011)	(979)	+3.3%	+6.0%*	(2,100)	(2,125)	-1.2%	+2.8%*
Gross operating income	978	771	+26.8%	+30.9%*	1,751	1,589	+10.2%	+15.4%*
Net cost of risk	(121)	(418)	-71.1%	-69.6%*	(263)	(647)	-59.4%	-57.1%*
Operating income	857	353	x 2.4	x 2.5*	1,488	942	+58.0%	+64.6%*
Reported Group net income	522	226	x 2.3	x 2.4*	914	591	+54.7%	+63.4%*
Underlying Group net income (1)	508	213	x2.4	x2.4*	942	619	+52.1%	+60.3%*
RONE	20.6%	8.4%			18.2%	11.0%		
Underlying RONE(1)	20.0%	7.9%			18.7%	11.6%		

**Q2 21 RONE: 20.0%<sup>(1)</sup>**

(1) Underlying data: adjusted for exceptional items and IFRIC 21 linearisation (see Supplement)

\* When adjusted for changes in Group structure and at constant exchange rates

# GLOBAL BANKING AND INVESTOR SOLUTIONS RESULTS

**REVENUES UP +28%\* vs. Q2 20**, driven by good momentum in Equities and Financing & Advisory

**OPERATING EXPENSES +10.5%<sup>(1)\*</sup> vs. Q2 20** driven by variable costs linked to revenue growth and higher IFRIC 21 charges

**POSITIVE JAWS**

**H1 21 RONE at 14.9%<sup>(1)</sup>**

<i>In EURm</i>	Q2 21	Q2 20	Change		H1 21	H1 20	Change	
Net banking income	2,340	1,880	+24.5%	+27.7%*	4,849	3,507	+38.3%	+42.8%*
Operating expenses	(1,648)	(1,570)	+5.0%	+6.9%*	(3,699)	(3,547)	+4.3%	+6.3%*
Gross operating income	692	310	x 2.2	x 2.4*	1,150	(40)	n/s	n/s
Net cost of risk	(17)	(419)	-95.9%	-95.8%*	(26)	(761)	-96.6%	-96.4%*
Operating income	675	(109)	n/s	n/s	1,124	(801)	n/s	n/s
Reported Group net income	522	(67)	n/s	n/s	878	(604)	n/s	n/s
Underlying Group net income (1)	424	(120)	n/s	n/s	1,070	(433)	n/s	n/s
RONE	14.4%	-1.9%			12.2%	-8.6%		
Underlying RONE(1)	11.7%	-3.3%			14.9%	-6.2%		

**Q2 21 RONE: 11.7%<sup>(1)</sup>**

(1) Underlying data : adjusted for IFRIC 21 linearisation (see Supplement)

\* When adjusted for changes in Group structure and at constant exchange rates

# 2


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## **SG SFH & SG SCF STRUCTURE OVERVIEW**

# SG SFH & SG SCF STRUCTURE OVERVIEW

Two issuers under a strict regulation with similar structure

Many points in common				
Legal framework	Collateral strategy	Organization & governance	Strict monitoring	Transparency
<ul style="list-style-type: none"> <li>• Bankruptcy remote from SG</li> <li>• Licensed as French credit institution</li> <li>• Double recourse on SG and on the cover pool</li> </ul>	<ul style="list-style-type: none"> <li>• Originated by SG Group</li> <li>• Homogeneous cover pools</li> </ul>	<ul style="list-style-type: none"> <li>• Fully owned and supported by SG</li> <li>• Common governance</li> </ul>	<ul style="list-style-type: none"> <li>• Independent Cover Pool Monitor</li> <li>• Regulated by the French banking regulator</li> <li>• Direct ECB supervision</li> </ul>	<ul style="list-style-type: none"> <li>• ECBC Covered Bond Label</li> </ul>

SG SFH Program
<ul style="list-style-type: none"> <li>• <b>EUR 50bn</b> program listed in Paris</li> <li>• Rated <b>Aaa/AAA</b> by Moody's/Fitch Ratings</li> <li>• Collateral type : <b>French home loans</b> originated only by SG Group Retail network</li> <li>• <b>Positive Impact framework with CBI certification</b> </li> </ul>

SG SCF Program
<ul style="list-style-type: none"> <li>• <b>EUR 20bn</b> program listed in Paris</li> <li>• Rated <b>Aaa/AAA</b> by Moody's/Standard &amp; Poor's</li> <li>• Collateral type : <b>public sector exposures</b> only, including sovereign, municipalities and export credit agencies</li> </ul>

# SG SFH & SG SCF STRUCTURE OVERVIEW

A very strong legal and regulatory framework for a highest level of investors' protection

## Supervision

- Direct supervision by the European Central Bank
- Monitoring of the cover pool and certification of the legal ratios by an independent statutory auditor (Cover Pool Monitor)

## Legal mitigants

- Legal Cover Ratio (105%)
- Liquidity needs coverage for a 180 days period with restricted liquid assets
- Strict monitoring of asset liability mismatch in terms of WAL and gaps with regulatory limits

## Transfer of Collateral

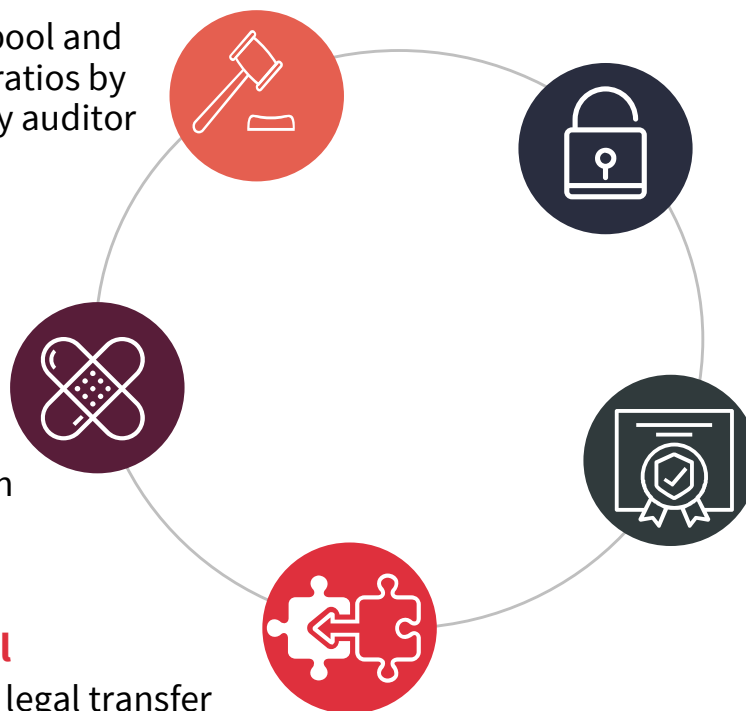
- Valid and enforceable legal transfer of full title as security under the European Collateral Directive
- Provides a double recourse on the cover pool and on SG

## Exclusive legal purpose

- Business purpose limited by law to the sole refinancing of eligible assets
- Restricted legal eligibility criteria targeting an extremely high quality collateral selection
- Substitution assets limited to 15% of the privileged debt

## Derogatory insolvency regime

- Segregation of cover pool assets and legal preferential claim for covered bonds investors
- Absolute seniority of payments over all creditors, no early redemption or acceleration
- Regulated covered bonds are exempted from bail-in (BRRD)



# SG SFH & SG SCF STRUCTURE OVERVIEW

## A preferential regulatory treatment of covered bonds for bank investors

### 10% Risk Weight under Capital Requirements Regulations (CRR)

#### SG SFH (Art 129.1.e)

- Residential loans all fully guaranteed by Crédit Logement (Aa3/AA for Moody's/DBRS)
- Loan to Income (LTI) lower or equal to 33%
- No mortgage liens on the residential property at loan origination and for loans granted from 1 January 2014 the borrower is contractually committed not to grant such liens without the credit institution's consent

#### SG SCF (Art 129.1.a.b)

- Exposures to or guaranteed by EU central and local governments and public sector entities
- Exposures to or guaranteed by third country (other than EU) central and local governments public sector entities rated step 1

### L1 & L2A High Quality Liquid Assets

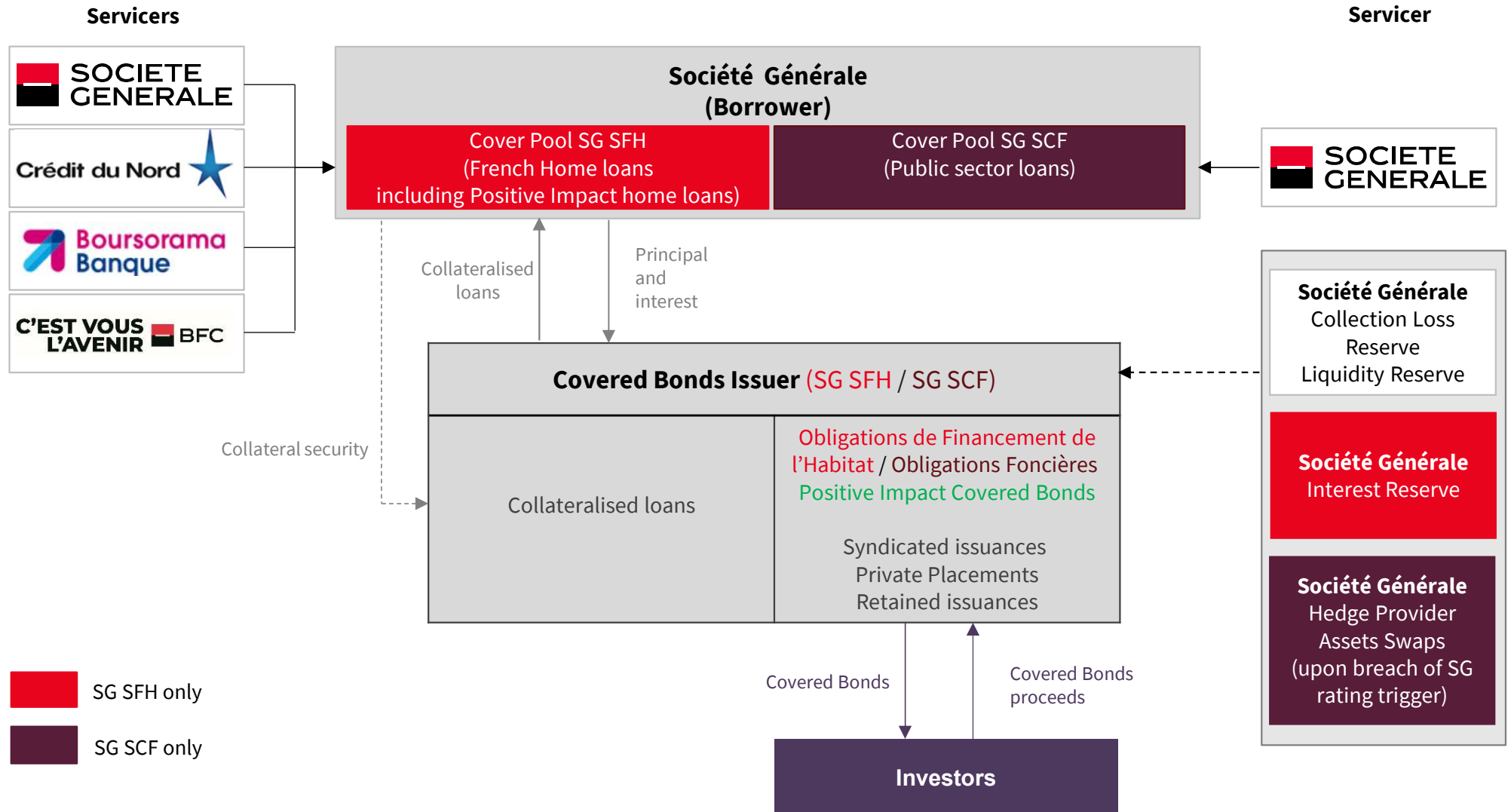
- UCITS compliant (52.4) ([http://ec.europa.eu/finance/investment/legal\\_texts/index\\_fr.htm](http://ec.europa.eu/finance/investment/legal_texts/index_fr.htm))
- Transparency requirements (Art. 129.7)\*
- Minimum issuance size (at least EUR 250 million for L2A and EUR 500 million for L1)
- Step 1 covered bond rating by at least 1 ECAI
- Overcollateralization > 2% for L1 and 7% for L2A (SG SCF : 27% and SG SFH : 14%)\*\*
- Exposures towards Credit institutions <15 % of outstanding covered bonds

\*cf. HTT Report available on the investor website (<https://investors.societegenerale.com/en/financial-and-non-financial-information/debt-investors>)

\*\*Figures as of end of June 2021

# STRUCTURE OVERVIEW AND GOVERNANCE

## Structure Overview



# STRUCTURE OVERVIEW AND GOVERNANCE

## Risks and Structural Mitigants

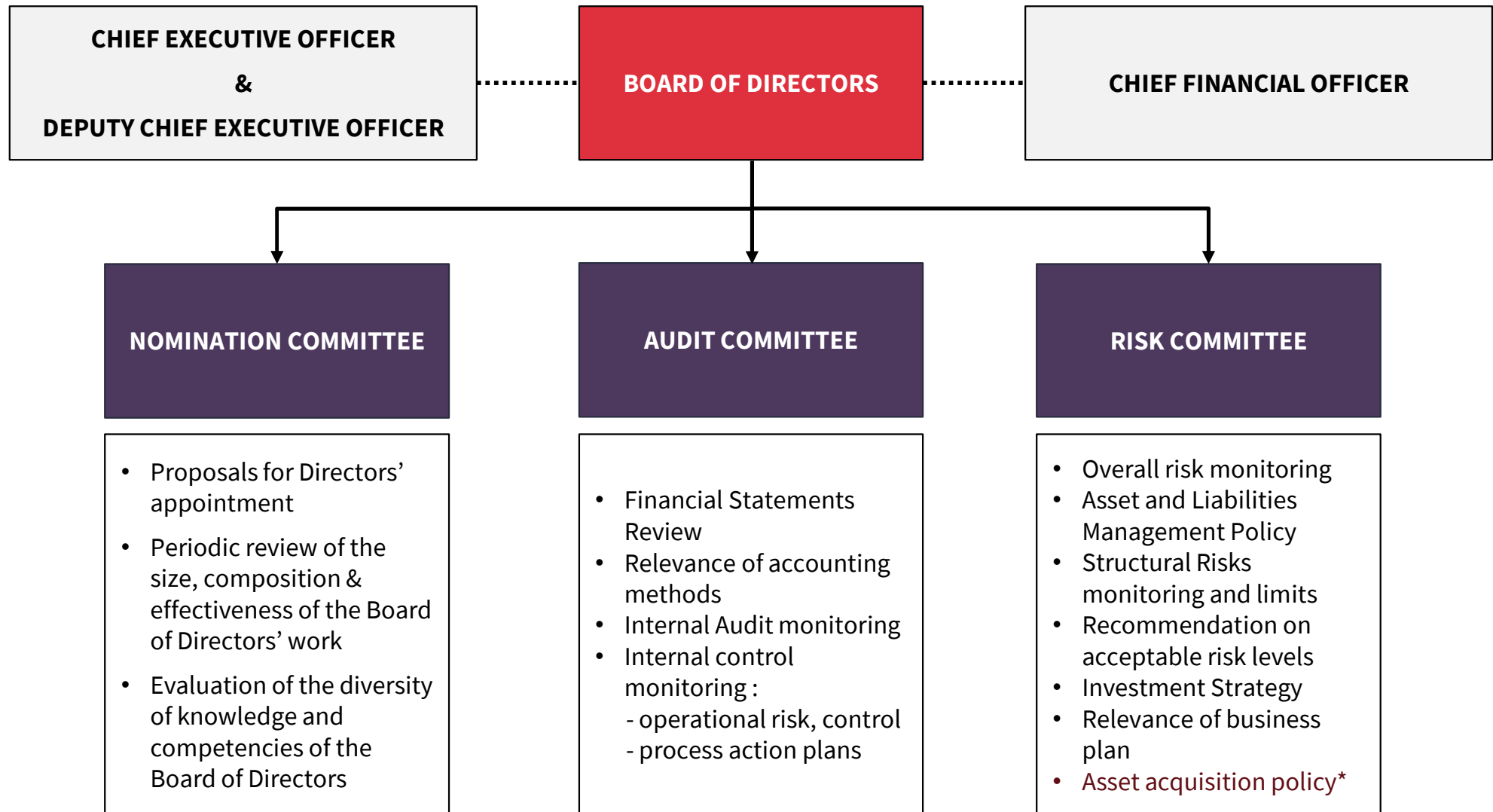
RISKS FACTORS		STRUCTURAL MITIGANTS	
ALL RISKS	COUNTERPARTY RISK	DUAL RECOURSE MINIMUM RATING REQUIREMENTS	OVER-COLLATERALIZATION
	INTEREST RATE RISK	INTEREST RESERVE * HEDGING STRATEGY (ASSET & LIABILITY SWAPS) **	
	TIMELY PAYMENT RISK	SOFT BULLET LIQUIDITY RESERVE ACCESS TO ECB REFINANCING ** AVERAGE LIFE MISMATCH TEST *	
	COMMINGLING RISK	COLLECTION LOSS RESERVE	

\* SG SFH only

\*\* SG SCF only

# SG SFH & SG SCF STRUCTURE OVERVIEW

A dedicated governance with a strong control environment



\* SG SCF only

# 3

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## **SG SFH COVERED BOND PROGRAM**

# SG SFH COVERED BOND PROGRAM

A collateral investment policy in line with SG Group business strategy

## Strategic integration in the Group

- SG SFH is the main refinancing entity for the French Home Loan business originated by the SG Group French Retail Network
- Provides lower cost of funding to increase SG Group competitiveness

## Attractive and resilient market segment

- Low home ownership rate allowing further development of the French Home Loan business
- Resilient home prices
- High quality and well performing prime home loans
- Dedicated mutual guarantee mechanism (Crédit Logement)

## Concentration on core competencies

- Home loans represent 51% of French retail network outstanding loans granted to individual customers
- Sustained home loan production focusing on upscale clients

## Strict selection criteria

- Double credit approval by SG and by Crédit Logement at loan origination
- Due diligence of the selected assets by the Cover Pool Monitor in respect of compliance with legal criteria
- Additional self-imposed investment restrictions at SG SFH level : residual maturity can not exceed 30 years, no unpaid instalment, borrowers are not SG employees

# SG SFH COVERED BOND PROGRAM

## Integrating SG Group environmental strategy : Positive Impact Covered Bond Framework & Issuance



### POSITIVE IMPACT COVERED BOND FRAMEWORK

#### USE OF PROCEEDS & TARGET IMPACT

- ✓ Use of proceeds: to refinance **mortgages on residential properties that belong to the top 15% carbon efficient dwellings in metropolitan France**
- ✓ Positive contribution to climate and support to the transition to a low carbon future
- ✓ Contribution to SDG target 7.3 and SDG 13



#### SELECTION OF POSITIVE IMPACT MORTGAGES

- ✓ Criteria of the underlying property:
  - Located in Metropolitan France
  - Destined to be exclusively used for main housing
  - Top 15% carbon efficient residential properties



#### ASSESSMENT & REPORTING

- ✓ The positive impact on climate change is estimated with the support of the external consultant company Wild Trees, **taking into consideration potential negative externalities**
- ✓ Annual reporting until maturity on:
  - Total outstanding amount of eligible mortgages
  - Estimated annual energy savings (in MWh)
  - Annual GHG emissions in tons of CO2 equivalent saved

#### TRANSPARENCY

- ✓ Second Party Opinion by Vigeo Eiris on the alignment with:
  - Principles for Positive Impact Finance
  - ICMA Green Bond Principles
- ✓ Top 15% selection methodology developed with Wild Trees
- ✓ Impact measurement methodology developed by Wild Trees



### COVERED BOND ISSUANCE

ISIN	Issue date	Currency	Amount issued (millions)	Maturity date	Coupon %
FR0013434321	18 July 2019	EUR	1,000	18 July 2029	0.125
FR0013481207	11 February 2020	EUR	1,000	11 February 2030	0.01

Net proceeds of the Positive Impact Covered Bond issued in 2019 by SG SFH are **100% allocated** to the portfolio of Eligible **Loans refinancing consequently 35% of this portfolio's global amount**

### PORTFOLIO OF ELIGIBLE LOANS (as of 31/12/2020)

Portfolio name	Number of Eligible Loans**	Outstanding Amount	Eligibility for Positive Impact Covered Bond	Average Portfolio Lifetime	Annual GHG emissions avoided	Annual Energy savings
		EUR millions	%	years	tCO <sub>2</sub> eq	MWh
<b>Portfolio of Eligible Loans</b>	38,096	5,777	100%	18	25,299	144,072

\*based on the Harmonized Framework for Impact Reporting guidelines:  
<https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2019/Handbook-Harmonized-Framework-for-Impact-Reporting-WEB-100619.pdf>

\*\*as defined in SG SFH Positive Impact Covered Bond Framework  
[https://www.societegenerale.com/sites/default/files/documents/Notations%20Financi%C3%A8res/sg\\_sf\\_h\\_positive\\_impact\\_covered\\_bond\\_framework\\_june2019.pdf](https://www.societegenerale.com/sites/default/files/documents/Notations%20Financi%C3%A8res/sg_sf_h_positive_impact_covered_bond_framework_june2019.pdf)

# SG SFH COVERED BOND PROGRAM

Strategic integration in SG Group : diversified home loans origination & sources of collateral

## THREE STRONG AND COMPLEMENTARY BRANDS REFINANCED THROUGH SG SFH



A solid universal bank at the service of the economy

1,906

branches

**€ 27.4bn  
home loans  
outstanding**



8 regional banks

836

branches

**€ 9.5bn  
home loans  
outstanding**



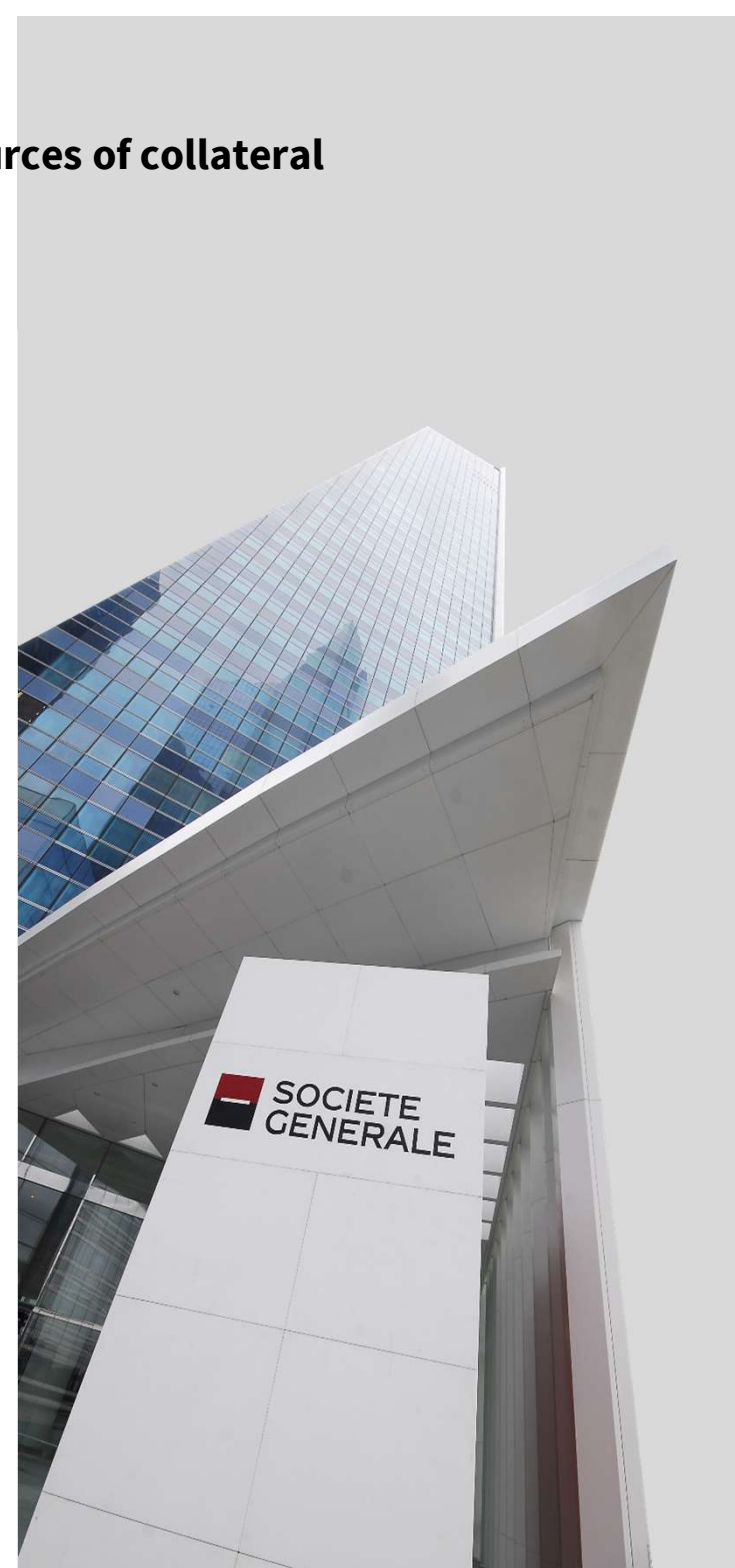
N°1 online bank in France

Leading player of the  
brokerage and online  
savings

**€ 6,1bn  
home loans  
outstanding**

**Total cover pool = € 43.1bn**

*Figures as of 30 June 2021, except for number of branches (2019 figures)*



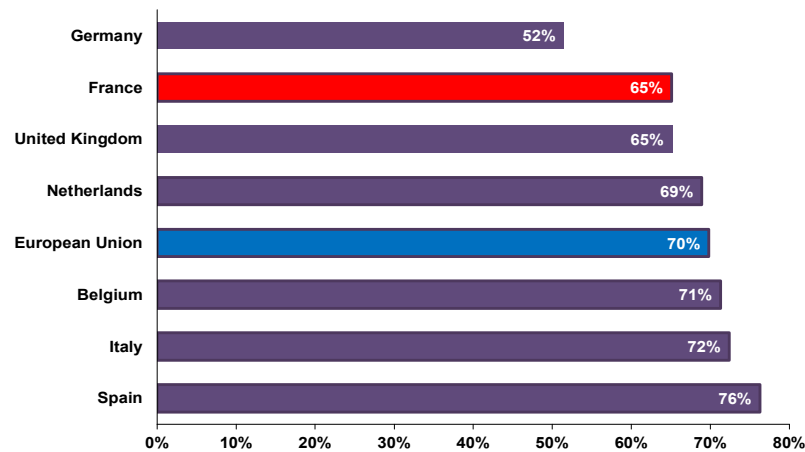
# SG SFH COVERED BOND PROGRAM

## The French home loan market : an attractive and resilient market (1/2)

### MARKET CONTEXT

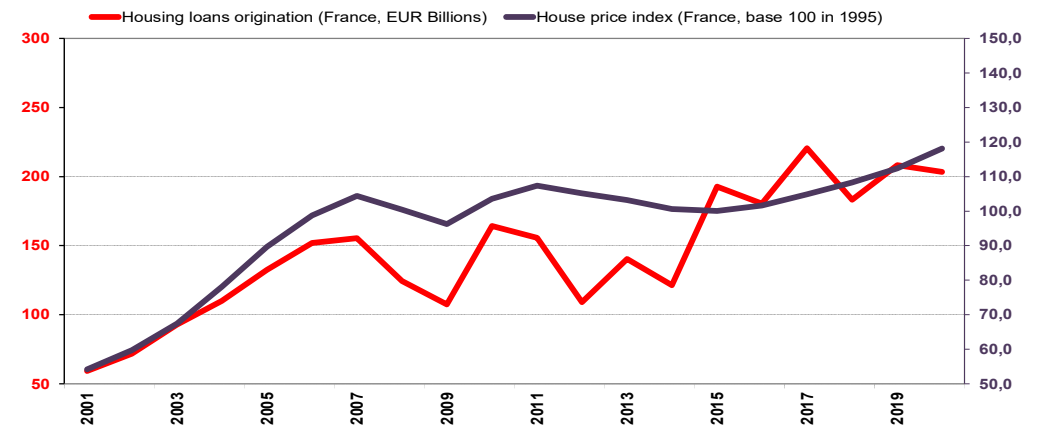
- 65% ownership rate (5% below EU average) allowing further growth of the market
- 31.4% of French households bearing residential loans in 2021 (source : Observatoire des crédits aux ménages)
- No significant impact of the sanitary crisis on new loans production and repayment capacity of debtors
- Resilient Home prices (very limited impact during financial and sanitary crisis)
- SG's maturity at origination below French market practice

### European home ownership rate



Source : Trading Economics, 2019

### French home loan market



Source : Banque de France / Insee-Notaries

### Average duration of real estate loans <sup>1</sup>



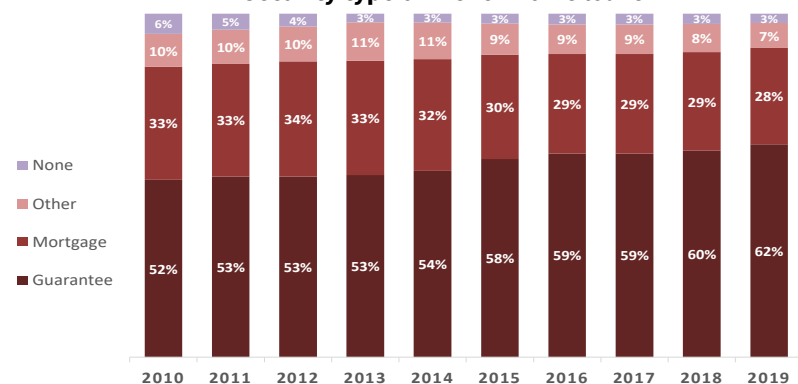
# SG SFH COVERED BOND PROGRAM

## The French home loan market : an attractive and resilient market (2/2)

### HOME LOANS MAIN CHARACTERISTICS

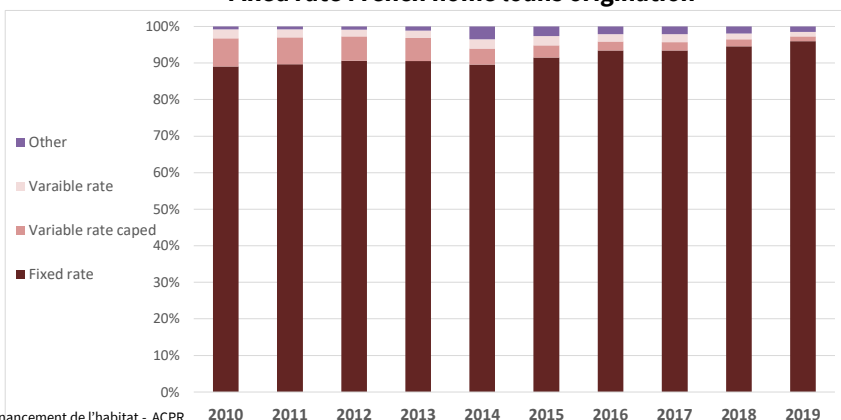
- Loan amounts are based on borrower's capacity to repay
- Security type : guaranteed rather than mortgage loans
- Mostly fixed rate loans with monthly fixed instalments
- No home equity loan market

Security type of French home loans



Source : Financement de l'habitat - ACPR

Fixed rate French home loans origination

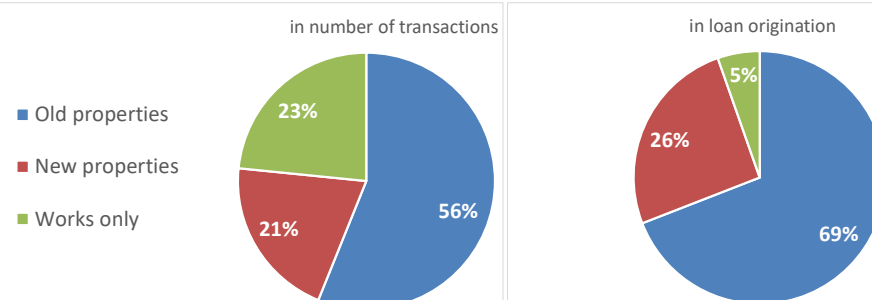


Source : Financement de l'habitat - ACPR

### A PRIME HOME LOAN MARKET

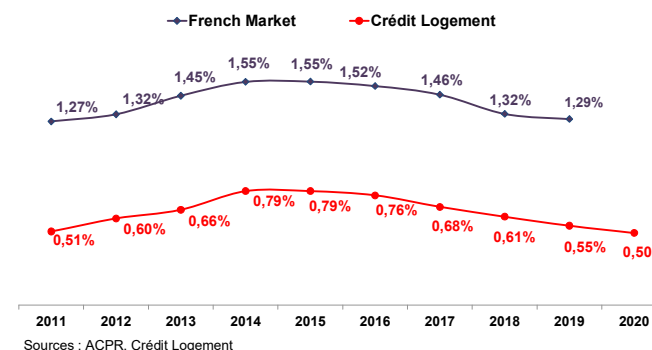
- Loan purpose : a stable distribution between new & old properties
- Non-performing loans rates remain low and decreasing (no negative impact of Covid-19 observed in 2020), especially when guaranteed by Crédit Logement

French home loan purpose (over 2015-2019)



Source : Observatoire du crédit logement

Non performing French home loans

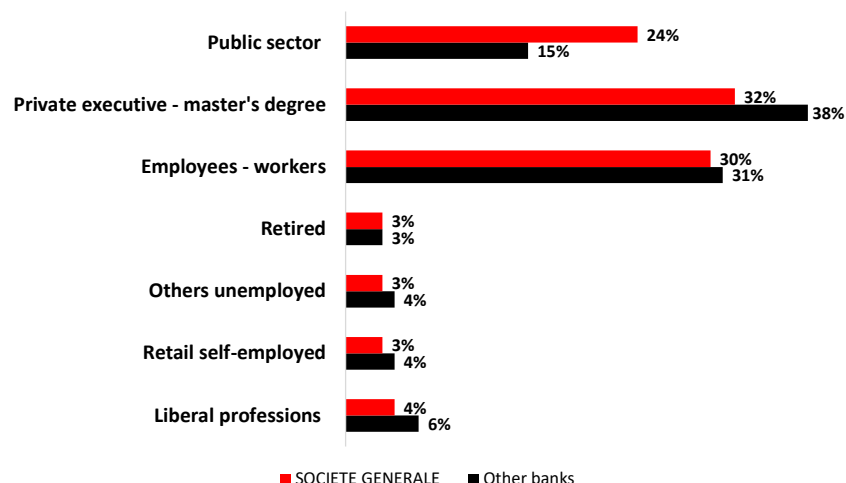


Sources : ACPR, Crédit Logement

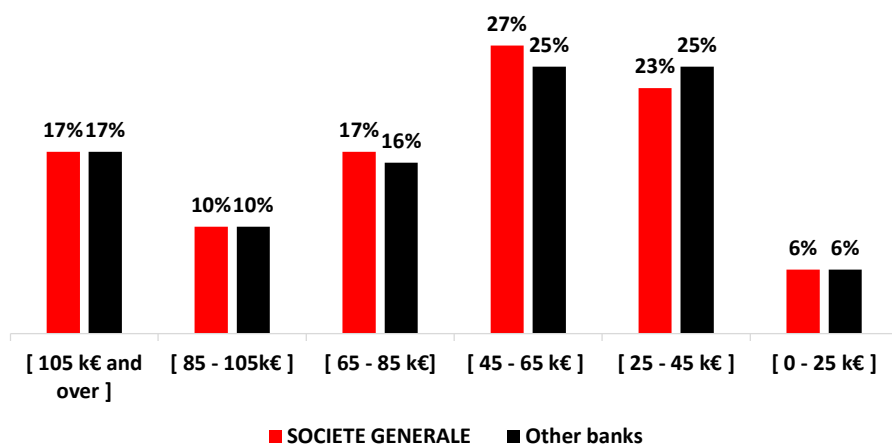
# SG SFH COVERED BOND PROGRAM

Concentration on core competencies : Société Générale French home loan business

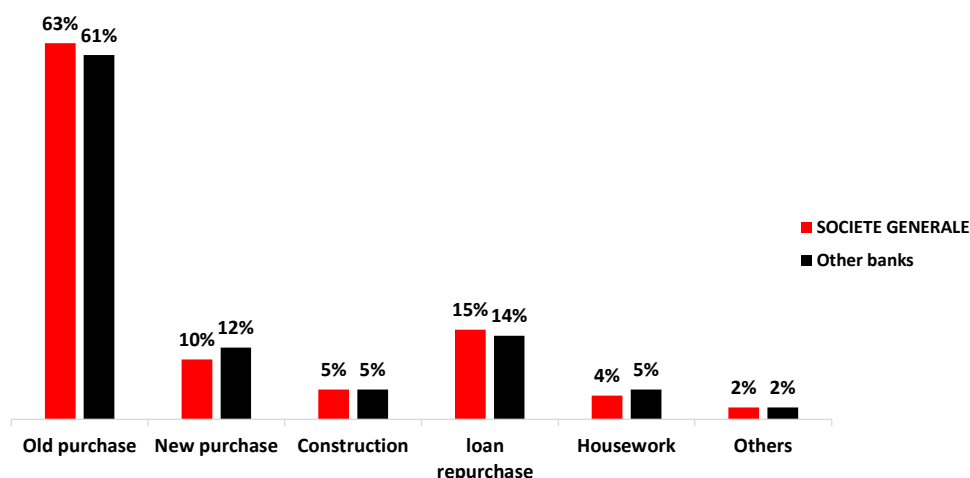
SG loans customer base : over-representation of public sector



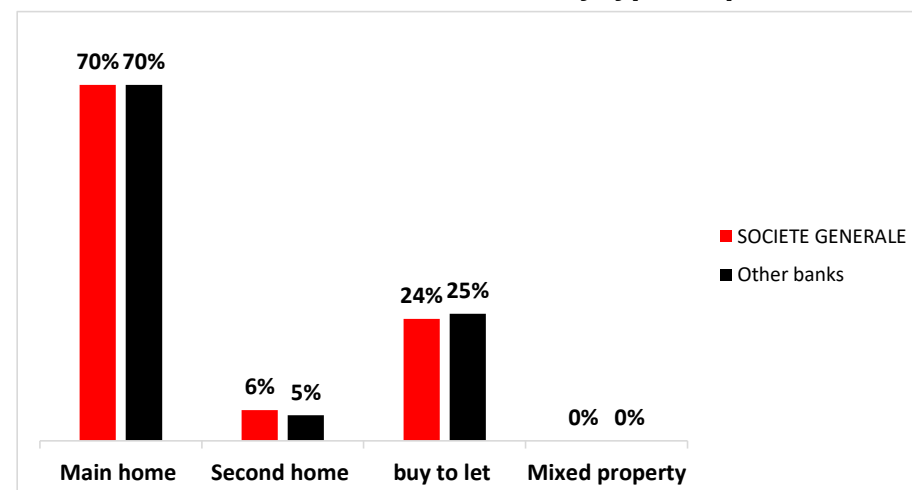
SG loans customer base : breakdown by revenue



SG loans structure : breakdown by loan purpose



SG loans customer base : breakdown by type of operation



# SG SFH COVERED BOND PROGRAM

## The French home loan market : Benefits of Credit Logement's guarantee(1/2)

### CREDIT LOGEMENT PERFORMANCE

- **“Guaranteed loans” market share in home loan market** : in 2020, guaranteed loans represented 63,8%(\*) of the overall residential loans granted in France, an increase of 1.9 bps compared to 2019.
- **Crédit Logement is the national leader** of the home loan guarantee, with a market share of around 35% of the whole home loan market, quite stable in the latest years.

in EUR Bn	2015	2016	2017	2018	2019	2020
French home loan outstanding	834,1	870,8	927,7	983,5	1 052,1	1 111,0
CL Guarantees outstanding	280,3	301,1	325,7	345,8	374,7	390,4
CL guarantees outstanding market share	34%	35%	35%	35%	36%	35%

- Disbursements on guarantee calls and full partner bank compensations are paid from the **Mutual Guarantee Fund (MGF)\*\***, while Crédit Logement overheads are covered by fees partly spread over the life time of the guarantees.

(\*) Source: Enquête annuelle 2021 du SG ACPR sur le financement de l'habitat

(\*\*) which funds are collected from the initial fee payments when guarantees are granted

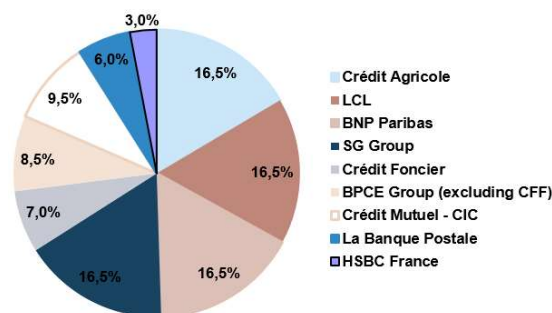
# SG SFH COVERED BOND PROGRAM

## The French home loan market : Benefits of Credit Logement's guarantee(2/2)

### OTHER CREDIT LOGEMENT CREDENTIALS

- Crédit Logement is backed by all larger French banks:**

- Long term rating : Aa3 (stable outlook) by Moody's & Aa low (stable outlook) by DBRS
- Shareholders are formally committed to support Crédit Logement's growth in terms of capital needs



- Crédit Logement is a financial institution supervised by the French Banking Regulator (*Autorité de Contrôle Prudentiel et de Résolution*).
- Crédit Logement risk decreases since 2015 and doubtful debt ratio reaches a low 0,50% at end 2020.
- In 2020, the MGF covers for the first time beyond three times all doubtful debts (defined as >3 months instalments arrears) :

in EUR Mn	2015	2016	2017	2018	2019	2020
CL Guarantees outstanding	280 344	301 096	325 720	345 777	374 746	390 392
CL MGF outstanding	4 571	4 924	5 321	5 651	6 065	6 352
Balance Sheet - Doubtful debt outstanding	1 078	1 244	1 335	1 347	1 326	1 251
Off Balance Sheet - Doubtful debt outstanding	1 146	1 047	873	771	748	715
Total Doubtful debt outstanding	2 224	2 291	2 208	2 118	2 074	1 967
<i>Doubtful debt % of the guarantees outstanding</i>	<i>0,79%</i>	<i>0,76%</i>	<i>0,68%</i>	<i>0,61%</i>	<i>0,55%</i>	<i>0,50%</i>
<i>CL MGF outstanding / Total Doubtful debt outs:</i>	<i>2,1</i>	<i>2,1</i>	<i>2,4</i>	<i>2,7</i>	<i>2,9</i>	<i>3,2</i>
Written off amounts	29,7	25,1	50,9	67,4	81,2	51,3
<i>Write-offs (N) / Doubtful debt outstanding (N-1)</i>	<i>1,48%</i>	<i>1,13%</i>	<i>2,22%</i>	<i>3,05%</i>	<i>3,83%</i>	<i>2,47%</i>
<i>Write-offs (N) / CL MGF outstanding</i>	<i>0,65%</i>	<i>0,51%</i>	<i>0,96%</i>	<i>1,19%</i>	<i>1,34%</i>	<i>0,81%</i>

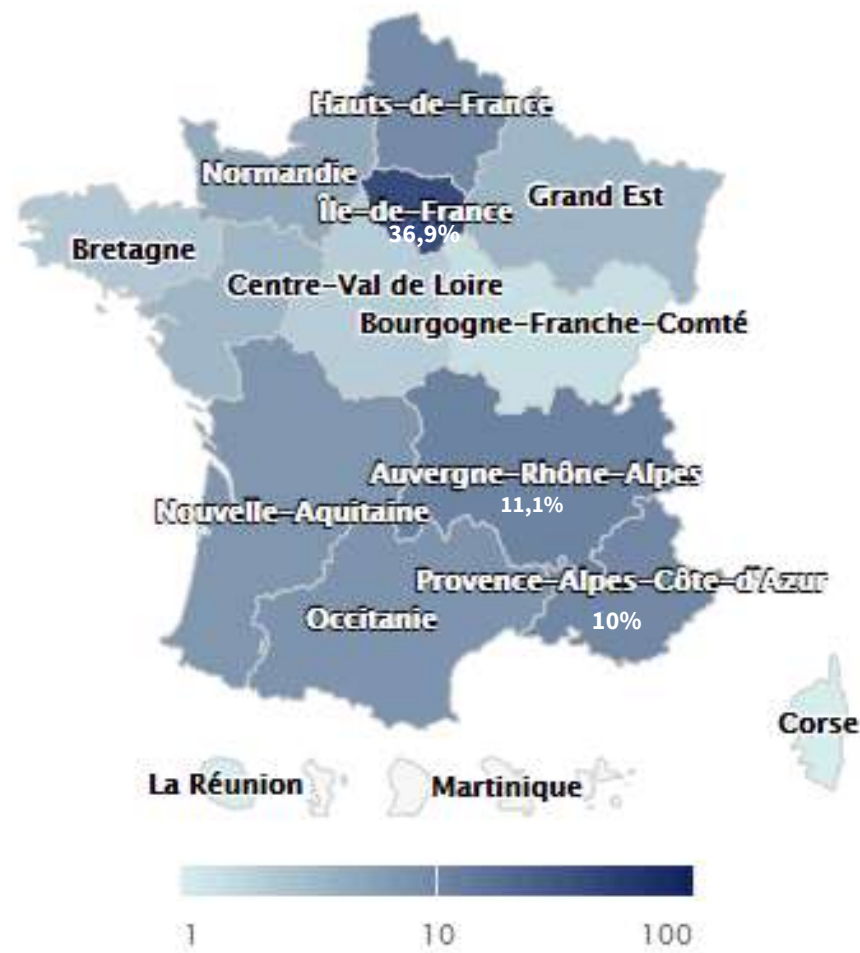
# SG SFH COVERED BOND PROGRAM

A high quality and well diversified cover pool (1/3)

As at 30 June 2021

Collateral	100% prime French residential loans guaranteed by Crédit Logement
Pool Size	€ 43,1 bn
Number of borrowers	314,325
Number of loans	350,976
Average loan balance	€ 100.8k
Current WA LTV	62.1%
WA Seasoning	54 months
WAL	94 months
Non performing loans	0

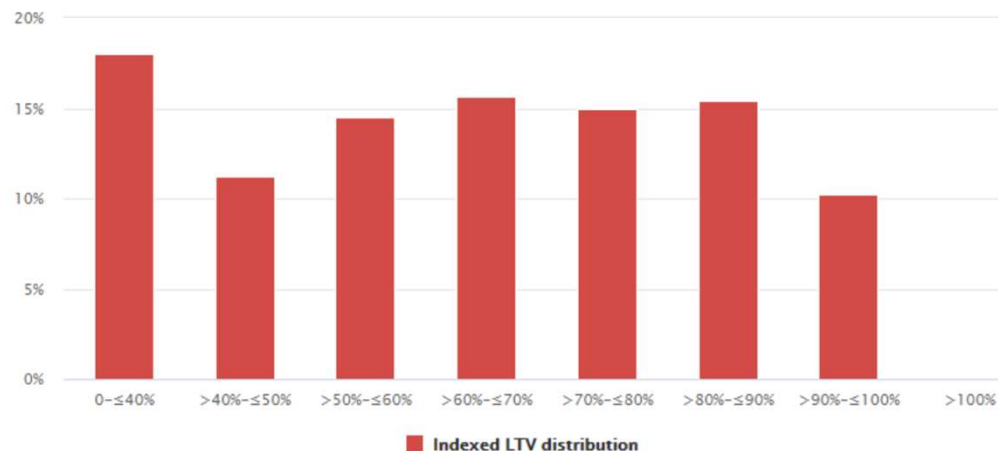
## Main regional distribution



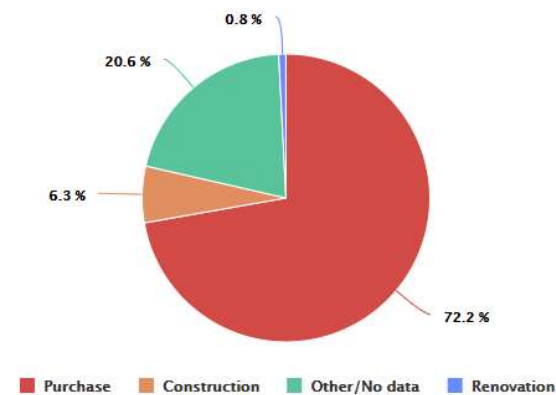
# SG SFH COVERED BOND PROGRAM

A high quality and well diversified cover pool (2/3)

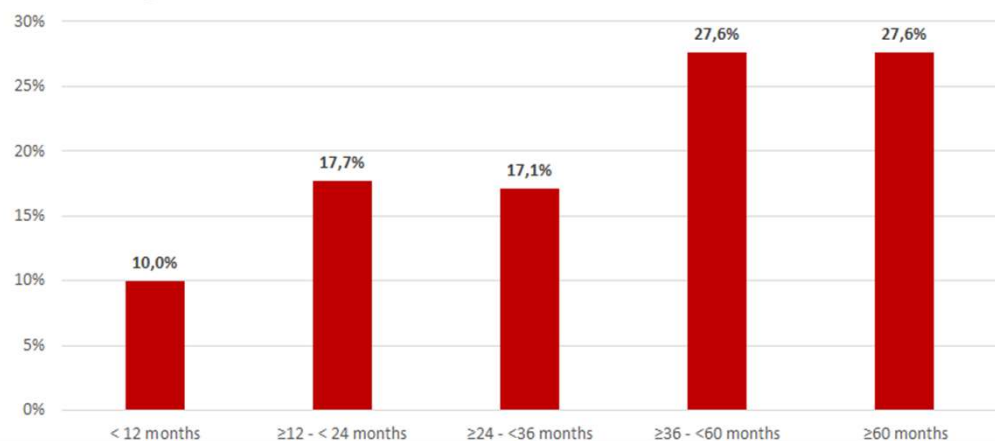
Indexed LTV distribution



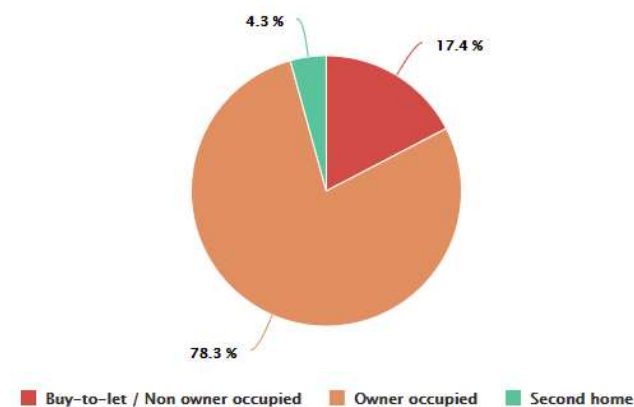
Loan purpose



Seasoning



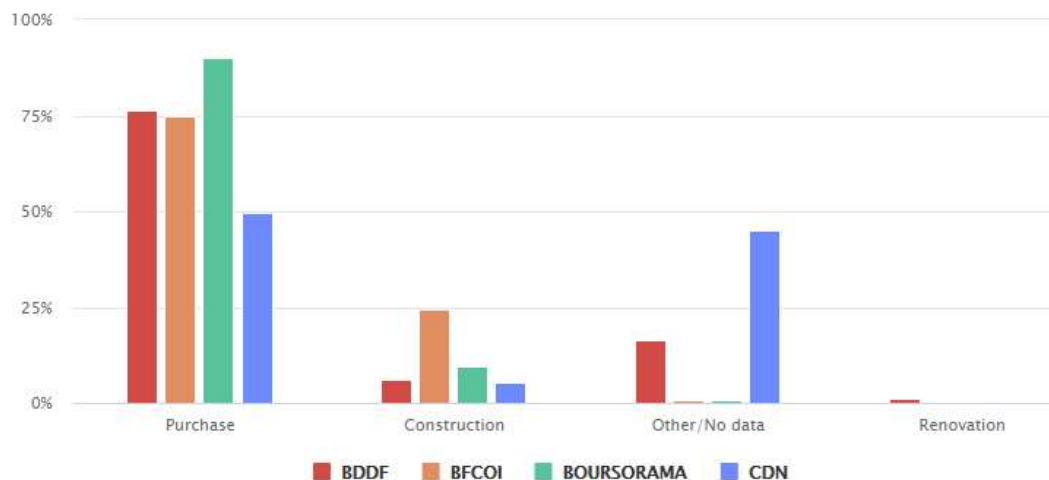
Occupancy type



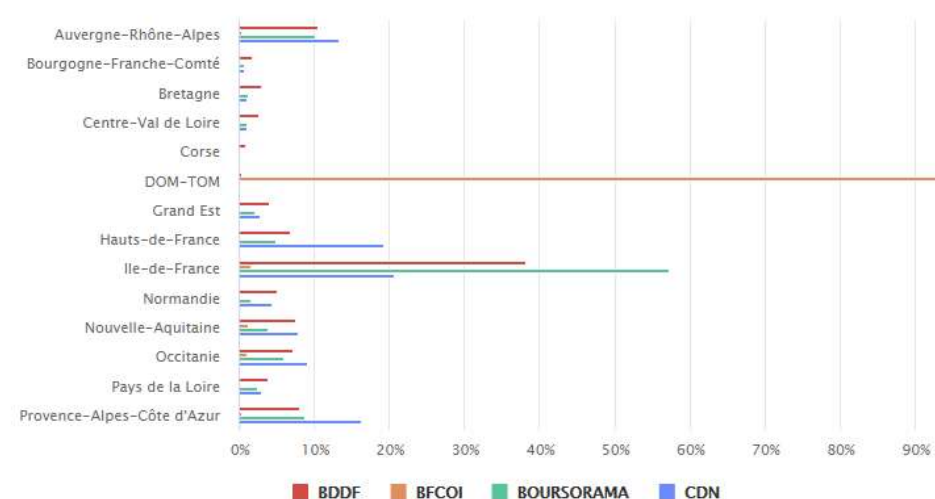
# SG SFH COVERED BOND PROGRAM

A high quality and well diversified cover pool (3/3)

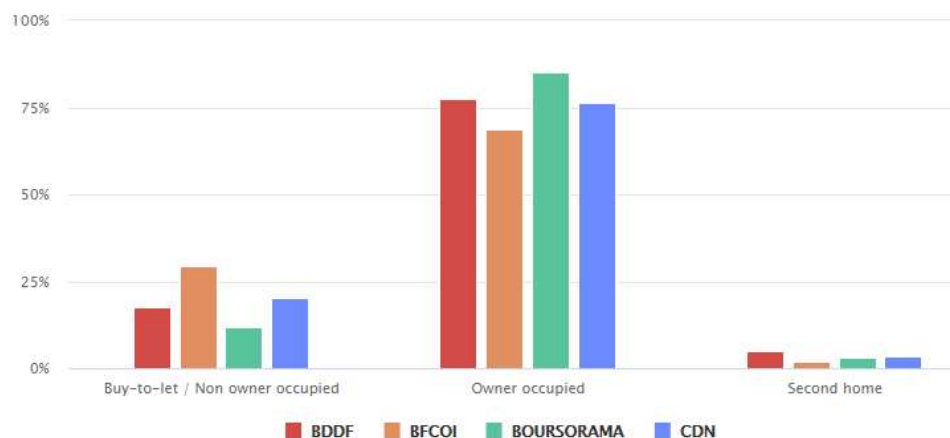
## Loan purpose by contributor



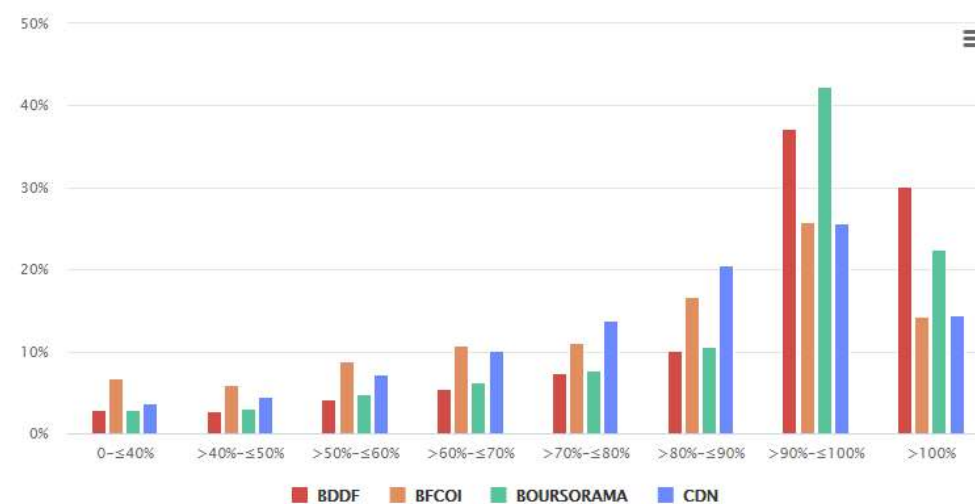
## Main regional distribution



## Occupancy type by contributor



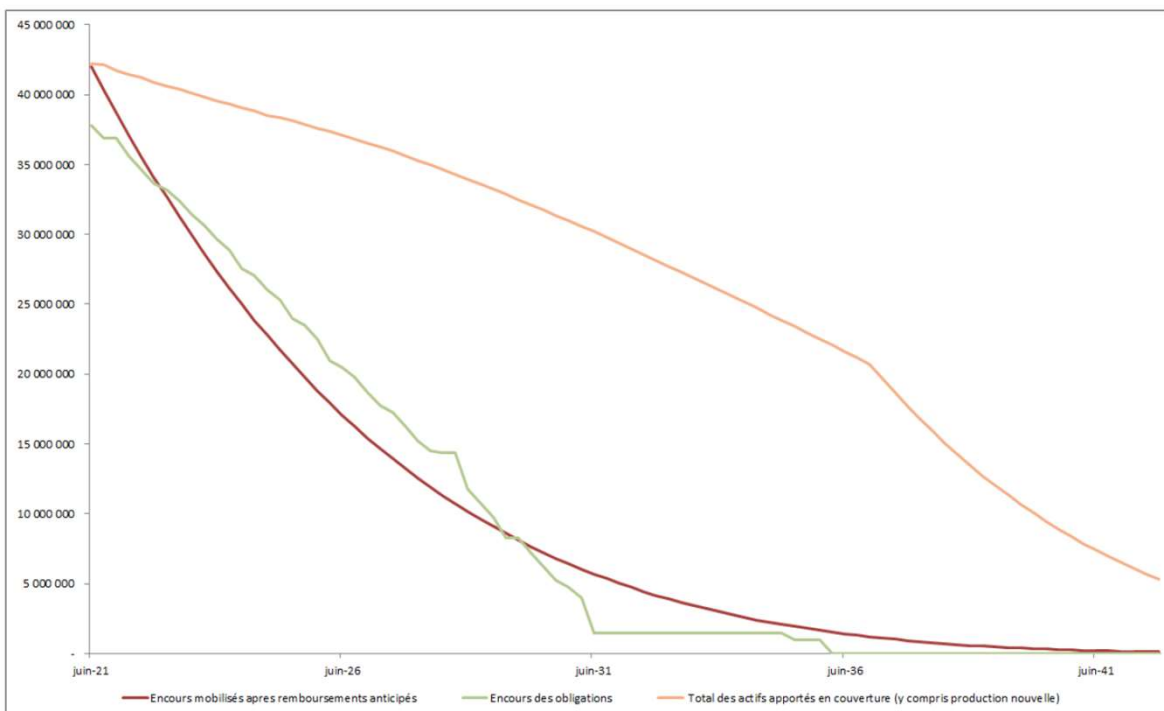
## Balance per Original LTV-band by contributor



# SG SFH COVERED BOND PROGRAM

## A dynamic, projective and cautious ALM monitoring

- Covered bonds fully backed up to their final maturities
- The structure has been set up to take into account best ALM practice
  - Tight projective monitoring of ALM metrics
  - Definition and strict monitoring of a coverage long term plan based on available eligible assets and conservative new production assumptions
- Stress Tests have been designed to ensure the resilience of the structure to downgraded economic environment



### Nominal Over-Collateralisation

**114%**

Min AAA target : > 106,5% (Moody's)  
> 105,5% (Fitch)

### Weighted Average Life mismatch

**-6 months**

Limit : < +18 months

### 180 days Liquidity Coverage

No gaps during the next 180 days period

### Collateral Coverage Gaps

No gaps up to final maturity

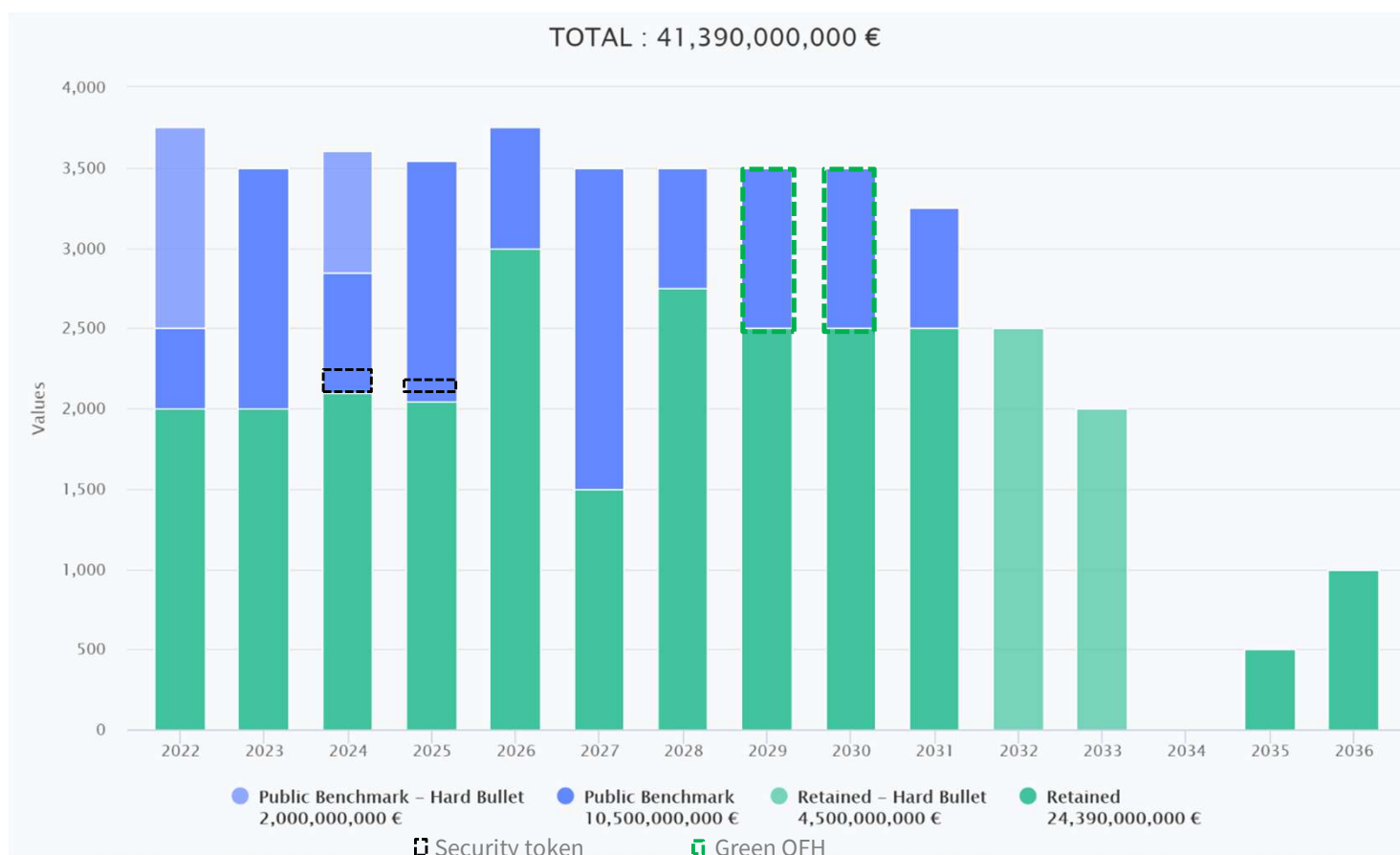
Figures as of end of June 2021

# SG SFH COVERED BOND PROGRAM

**Funding strategy : well balanced mix between Group funding needs and issuance capacity**

- Last public benchmark issuances in February 2021 : 750 M€, 10 years maturity in soft bullet format
- Strong issuance capacity of EUR 26,3bn as of 30 of September 2021

As of 30/09/2021



# 4

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## **SG SCF COVERED BOND PROGRAM**

# SG SCF COVERED BOND PROGRAM

A collateral investment policy in line with SG Group business strategy

## Strategic integration in the Group

- SG SCF is the main refinancing entity for the Public Sector financing originated by the SG Group French Retail Network and the Investment Bank
- Provides lower cost of funding to increase SG Group competitiveness

## Strategic key financing areas

- Municipalities and Local Governments financing
- Public utilities and service providers
- Public infrastructure projects such as expansion of the national grid, renewable energy, harbors, airports, highways, schools and social housing buildings
- Export Credit Agencies guaranteed transactions

## Concentration on core competencies

- 2<sup>nd</sup> global ranking in export finance in 2020 with a 6.3% market share (source : TXF – ECAs tranches)
- 3<sup>rd</sup> ranking in French public sector origination in 2020 (source : Finance Active Observatory)

## Strict selection criteria

- Stringent selection based on a multi-step process
- Certification by reputable law firms of each asset class' eligibility
- Ex ante due diligence by the Cover Pool Monitor on the proposed collateral assets
- Validation by SG SCF's Risk Committee of new asset class

# SG SCF COVERED BOND PROGRAM

Financing new innovative projects supporting economic growth and development

CULTURE



LORRAINE UNIVERSITY

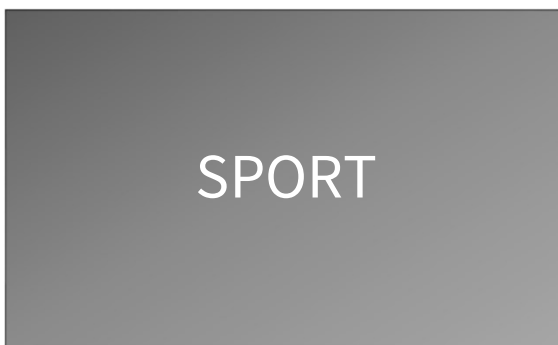


GRENOBLE UNIVERSITY



MUCEM - MARSEILLE

SPORT



VELODROME - SAINT QUENTIN EN Y.



HYBRID BUS - DIJON



PHILHARMONIE DE PARIS

INFRASTRUCTURES



# SG SCF COVERED BOND PROGRAM

Contributing to financing the French public economy sector

LOCAL  
GOVERNEMENTS

SUPPORTING INVESTMENTS IN  
TRANSPORTATION, ENERGY AND  
RESOURCES SECTOR



LOCAL  
PUBLIC  
ENTITIES



CONTRIBUTING TO CONSTRUCTION  
PROJECTS FOR ALL CITIZENS

SOCIAL  
HOUSING

COMMITTED FOR THE DEVELOPMENT  
AND ATTRACTIVENESS OF TOMORROW'S  
TERRITORIES



PUBLIC  
HEALTH  
INSTITUTIONS

# SG SCF COVERED BOND PROGRAM

## Contributing to promoting Export & Development finance



Mobility



Health



Renewable energy and  
Energy transition



Infrastructure



Sustainable cities



SG CIB is a global leader in delivering export and import financial solutions together with development financing

**70**  
staff members

Based in **12** countries

**22**  
ECA programs + MIGA

**40**  
Years of knowledge and practice with ECA and MLA programs

	Australia (EFIC)
	Austria (OeKB) *
	Belgium (ONDD) *
	Canada (EDC)
	China (SINOSURE)
	Czech Republic (EGAP)
	Denmark (EKF) *
	Finland (Finnvera) *
	France (BpiFrance) *
	Germany (Euler Hermes) *
	Italy (SACE) **
	Japan (NEXI)
	Korea (KSURE) **
	Luxembourg (ODL)
	Netherlands (Atradius) **
	Norway (GIEK) *
	Poland (KUKE)
	Spain (CESCE) *
	Sweden (EKN)
	Switzerland (SERV)
	United Kingdom (UKEF) *
	United States (Ex Im Bank) *
	MIGA (World Bank) *

\* Already refinanced through SG SCF

\*\* Target refinancing through SG SCF

# SG SCF COVERED BOND PROGRAM

A high quality and well diversified cover pool (1/2)

As at 30 June 2021

Collateral	Exposures to / or guaranteed by eligible public entities
Pool Size	€ 14.6 bn
Number of borrowers	1,438
Number of loans	4,043
Origination by SG French retail vs Investment Bank	66% 34%
Currency Distribution	EUR : 92% USD : 8%
WAL	76 months
Non performing loans	0

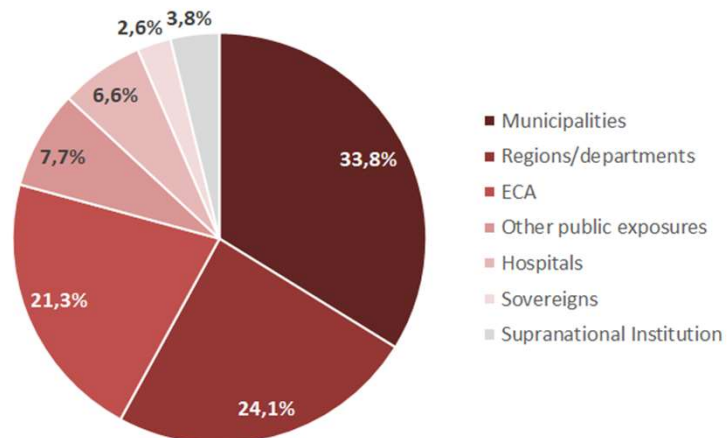
## Main regional distribution in France



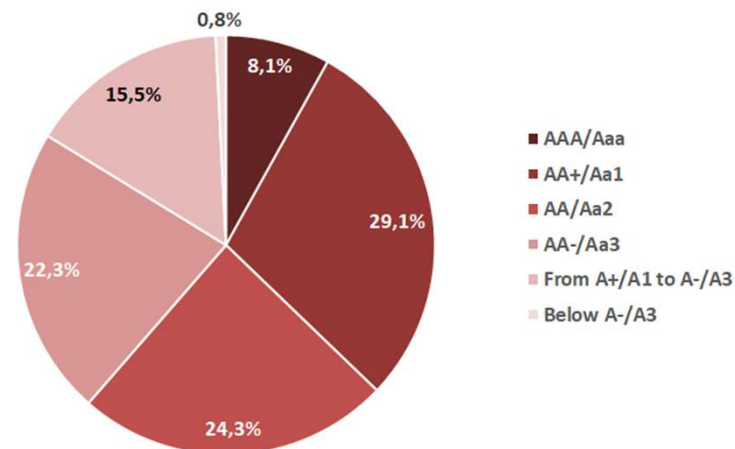
# SG SCF COVERED BOND PROGRAM

A high quality and well diversified cover pool (2/2)

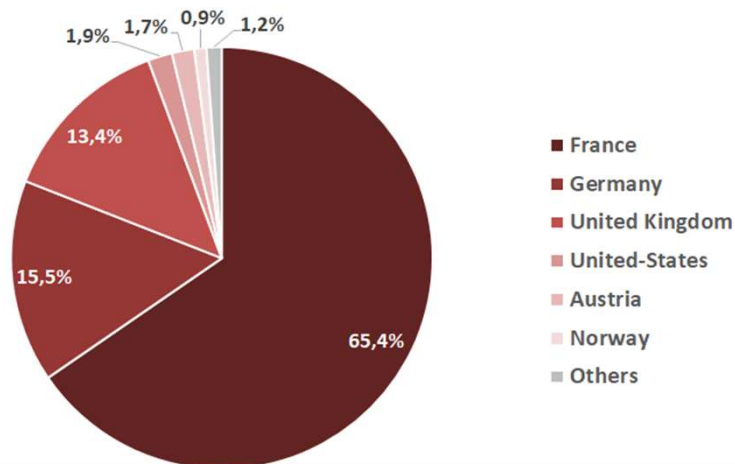
Exposure Type



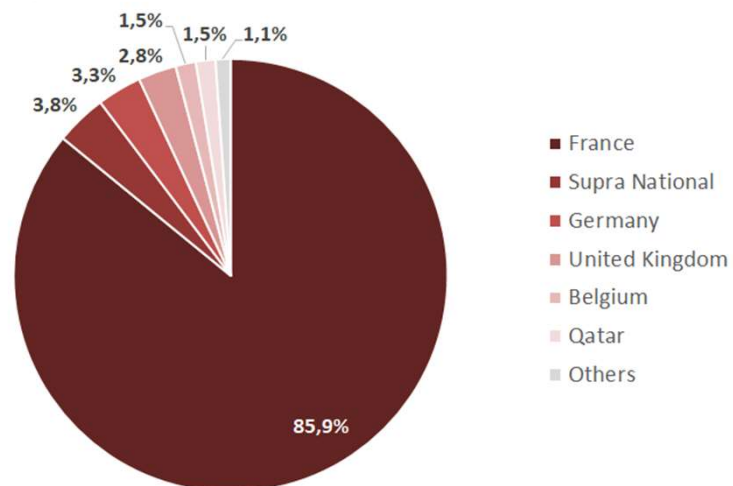
Ratings distribution



Export Credit Agencies Type



Geographic Exposure



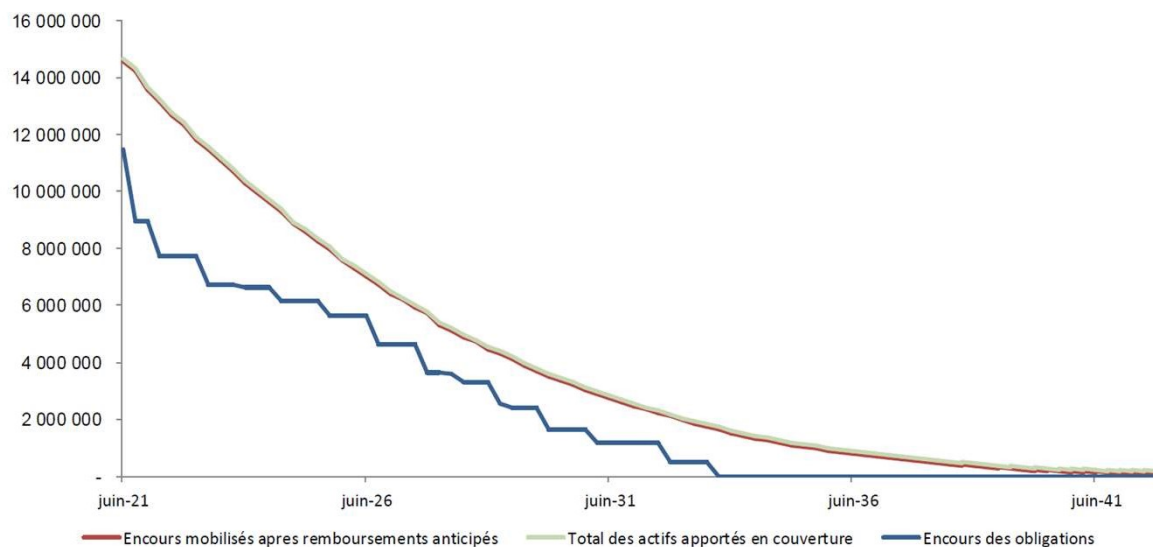
# SG SCF COVERED BOND PROGRAM

## A dynamic, projective and cautious ALM monitoring

- Covered bonds fully backed up to their final maturities
- The structure has been set up to take into account best ALM practice
  - Tight projective monitoring of ALM metrics
  - Definition and strict monitoring of a coverage long term plan based on available eligible assets and conservative new production assumptions
- Stress Tests have been designed to ensure the resilience of the structure to downgraded economic environment

As of 30/06/2021

### Asset Liability Management profile



#### Nominal Over-Collateralisation

**127,2%**

Min AAA target : > 103% (Moody's)  
> 108.3% (S&P)

#### Weighted Average Life mismatch

**+ 16 months**

Limit : < +18 months

#### 180 days Liquidity Coverage

No gaps during the next 180 days period

#### Collateral Coverage Gaps

No gaps up to final maturity

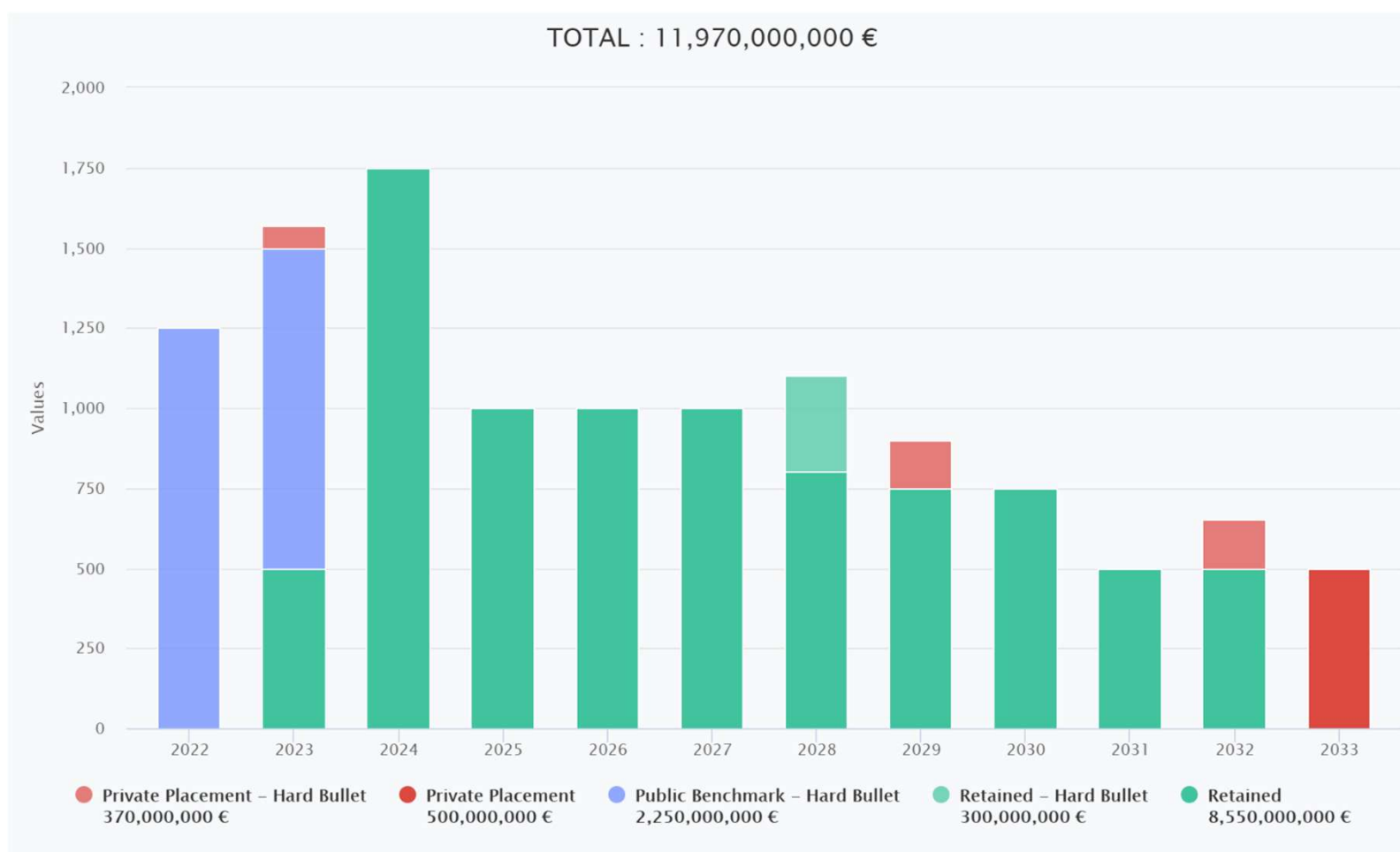
Figures as of end of June 2021

# SG SCF COVERED BOND PROGRAM

**Funding strategy : well balanced mix between Group funding needs and issuance capacity**

- Last Club Deal issuance in August 2015 : EUR 500M 18 years maturity in soft bullet format
- Issuance capacity of EUR 8.85 bn as of 30 of September 2021

**As of 30/09/2021**



# 5

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## APPENDICES

# SG SFH COVER POOL : ELIGIBILITY CRITERIA

## SG SFH main eligibility criteria

- Loans granted in Euros
- Loans governed by French law
- The financed property is a residential property, located in France
- Loans are secured by a guarantee granted by Crédit Logement
- At the date on which the loan is selected to enter into the pool:
  - principal outstanding can not exceed EUR 480,000 if the property value exceeds EUR 600,000
  - residual maturity can not exceed 30 years
  - at least one instalment has been paid
  - no unpaid instalment
- Borrowers are individuals
- Borrowers are not SG Group employees
- No contractual set off right granted to the borrower
- No amount drawn under the loan and already repaid can be redrawn by the borrower

The Cover Pool is replenished on a monthly basis, eligibility criteria being applied at each replenishment

# SG SCF COVER POOL : ELIGIBILITY CRITERIA

## SG SCF main eligibility criteria

- Loans to or guaranteed by public entities :
  - Central or local governments
  - Central banks
  - Public sector entities
  - Supranational institutions
- Minimum exposure rating :
  - BBB-/Baa3 and/or internal rating equivalent (within European Union)
  - AA-/Aa3 and/or internal rating equivalent (outside European Union)
- Minimum country exposure rating of AA-/Aa3 with derogations possible for below AA- within a certain limit
- Loans denominated in EUR and USD only
- No highly complex structured rates loans
- No contractual set off right granted to the borrower
- No defaulted loans

The Cover Pool is monitored on a monthly basis, eligibility criteria being applied and all defaulted loans are withdrawn

# CREDIT LOGEMENT MECHANISMS (1/2)

## BUSINESS MODEL

- Crédit Logement provides guarantees of home loans in case of non repayment by borrowers, as an alternative to the traditional registration of a mortgage :
  - Each home loan granted by SG and guaranteed by Crédit Logement has to satisfy both Crédit Logement and SG credit policies;
  - Its unique knowledge of the home loan market (working with all the French banks) allows Crédit Logement to remain well aware of market practices.
- Crédit Logement has signed agreements with 230 partner banks it is working with, these agreements stating the rights and obligations of each partner bank.
- The use of Crédit Logement guarantees has real competitive advantages both for banks and borrowers.

## FOR BORROWERS

- Competitive cost, with repayment of a high portion of the contribution to the Mutual Guarantee Fund (MGF)
- Allow avoidance of French mortgage registration, heavy process
- Flexible: efficient process allowing quick obtaining and cancellation (once loan is fully repaid), with no extra deregistration cost in case of early repayment

## FOR BANKS

- No cost involved and automatic process to obtain the guarantee approval based on precise criteria
- No administrative burden to follow on the mortgage
- Full and rapid compensation when a guaranteed loan is defaulting
- Recovery process and costs fully managed by Crédit Logement, in particular Crédit Logement developed an expertise on this activity

# CREDIT LOGEMENT MECHANISMS (2/2)

## MUTUAL GUARANTEE FUND

- The guarantee provided by Crédit Logement is based on the contribution of each borrower to the Mutual Guarantee Fund (MGF) which is a dedicated guarantee on residential loans
- How does the MGF work and where the money comes from?
  - Initial payment to the MGF for every borrower benefiting from a CL guarantee,
  - Defaulted loans are bought back by Crédit Logement and MGF funds repay the bank,
  - When a loan is fully repaid, part of the initial payment is reimbursed to the borrower (calculated according to the global rate of use of the MGF)
- The MGF mechanism is more profitable to the borrowers in comparison with the standard guarantees offered by some other institutions:
  - Less expensive than a mortgage constitution fee,
  - Borrowers can get back some portion of their initial contribution

## PROCESSES

### GRANTING PROCESS

- When receiving a guarantee request, in mostly cases through electronic transmission or its extranet, the process works as follows:
  - Internal review of its own register to assess Crédit Logement exposure on this borrower,
  - Automated analysis by the DIAG system,
  - Manual assessment by analysts, in circumstances where DIAG has not provided an automatic clearance.
- DIAG combines a score, limits and professional rules with two main axis of analysis:
  - Customer ability to repay the loan,
  - Analysis of the borrower's available assets, knowing that Crédit Logement has the ability to seize all the assets of the defaulted borrower.

### RECOVERY PROCESS

- When called on a guarantee, after three unpaid instalments, the process is the following:
- The recovery analyst, after receiving the whole file from the bank, contacts the borrower and try, within a limited period of time, to get full repayment of unpaid amounts
    - Crédit Logement manages to put back to normal loan process 50% of guarantee calls
    - Otherwise, Crédit Logement's target is to get an out of Court sale, but may initiate the property seizure. After sale, Crédit Logement has still the ability to pursue the borrower thanks to the common pledge on the borrower's property
    - During the whole procedure, Crédit Logement may secure its recovery by obtaining a judicial mortgage, within less than a week

# PUBLICATIONS AND CONTACTS

## PUBLICATIONS

Link to the **SOCIETE GENERALE's website** :

<https://www.societegenerale.com/en/measuring-our-performance/investors/debt-investors>

Link to the **SOCIETE GENERALE prospectus' website** :

<http://prospectus.socgen.com/>

Link to the **Covered Bond Label's website** :

<https://www.coveredbondlabel.com/>

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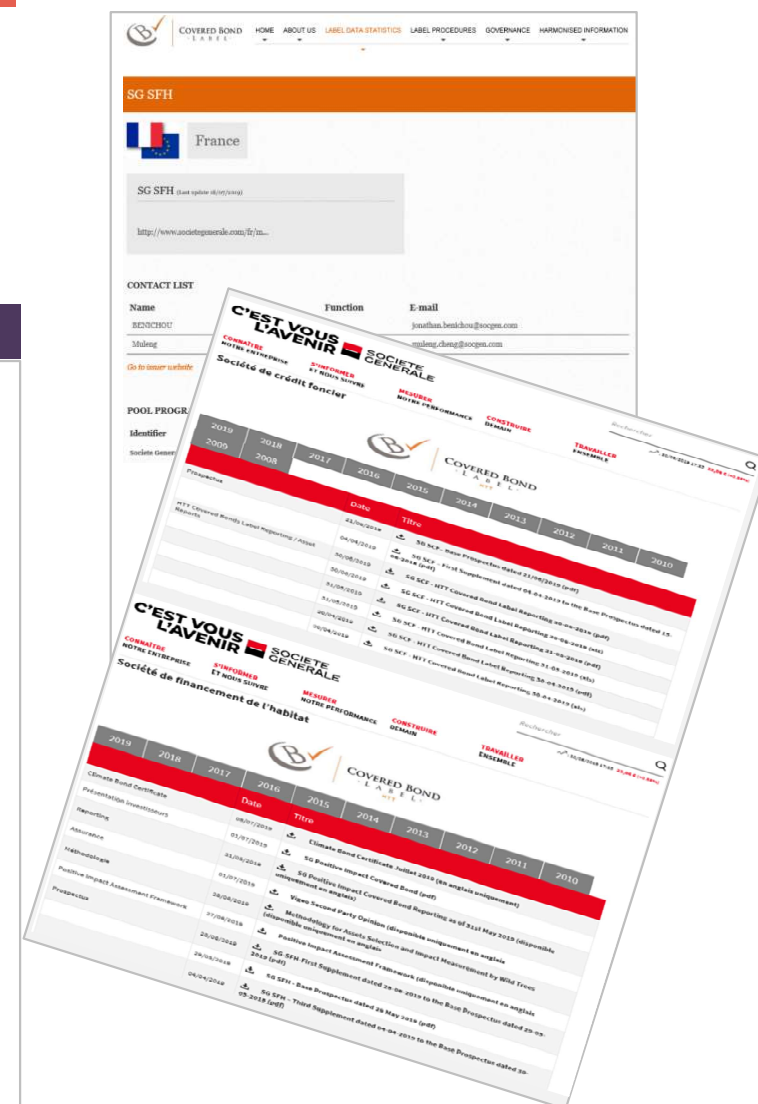
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# DISCLAIMER

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This presentation contains forward-looking statements relating to the targets and strategies of the Société Générale 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 Société Générale, Société Générale SFH and Société Générale SCF believe 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 Société Générale's markets in particular, regulatory and prudential changes, and the success of Société Générale's strategic, operating and financial initiatives.

More detailed information on the potential risks that could affect Société Générale, Société Générale SFH or Société Générale SCF's financial results can be found in Société Générale Registration Document, Société Générale SFH and Société Générale SCF Base Prospectus as supplemented, both filed with the French Autorité des Marchés Financiers.

Further information regarding Société Générale Positive Impact Covered Bonds Framework are available on the website of Société Générale (<https://www.societegenerale.com/fr/mesurer-notre-performance/investisseurs/investisseurs-dette>).

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, Société Générale, Société Générale SFH and Société Générale SCF do 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.

Figures in this presentation are unaudited.