

GROUP STRATEGY

INVESTOR | **DAY**
2014

KEEPING THE PACE

FRÉDÉRIC OUDÉA



THE GREAT TRANSITION

ECONOMIC TRENDS

- Slow recovery in the Euro-zone, more dynamic and volatile in emerging markets
 - Exit from accommodative monetary policies creating uncertainties and volatility
 - Increasing globalisation of trade and capital flows
 - Growing demand for energy, natural resources and infrastructure financing
-

REGULATORY ENVIRONMENT

- Progress towards European banking union, paving the way for a stabilised and harmonised financial framework
 - Basel 3 / CRD4 framework pushing towards increased disintermediation
 - Fixed income market activities being moved to central clearing platforms
-

CLIENT BEHAVIOUR, TECHNOLOGY

- Transition to a “digital society”: E-commerce, data analytics and mobility solutions reshaping customer relationship and operating models

- **We are a leading European Universal Bank with an international reach and solid roots**
 - 150 years of existence dedicated to accompanying corporate and retail clients internationally
 - Demonstrated ability to grow, resist, adjust successfully over time
- **We have completed our adaptation to the Basel 3 environment**
 - Reinforced balance sheet, improved risk profile, greater focus
- **We have proven the relevance of our balanced Universal Banking model and its adaptation to client needs**



OUR FOCUS

Keep the pace of transformation of our businesses to deliver growth and profitability



- Founded in 1864 to “support the development of trade and industry”
- Currently serving 32 million clients
- 148,000 employees
- Present in 76 countries
- NBI EUR 23bn
- Total credit outstandings: EUR 406bn

As of end-2013

WHAT MAKES SOCIETE GENERALE DIFFERENT

OUR CLIENT RELATIONSHIP MODEL

- We are a relationship bank, with a strong focus on satisfying our clients

OUR HISTORICAL EXPERTISE IN CIB

- We have a long-standing and demonstrated track record in financing and advising corporate and institutional clients

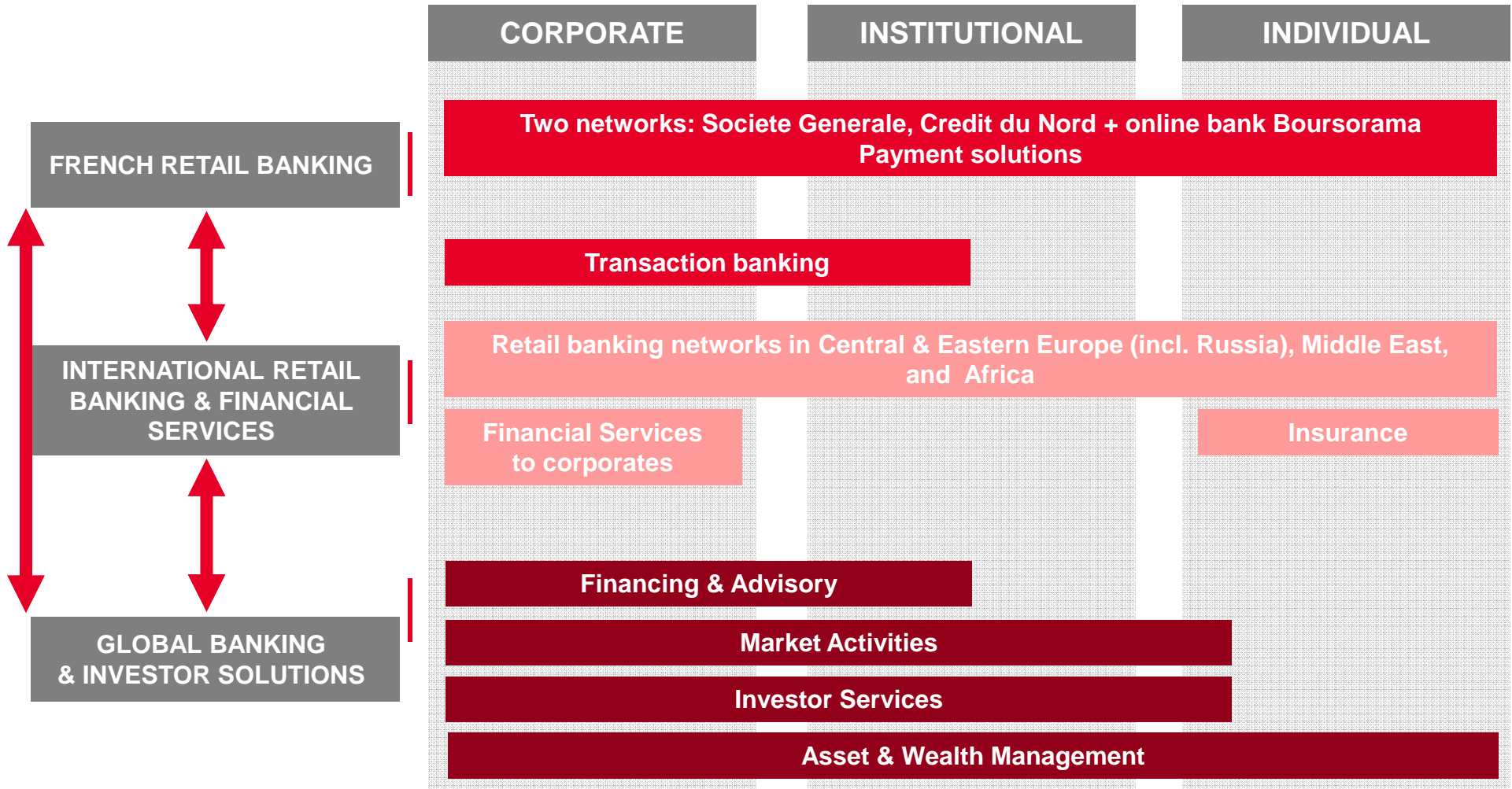
OUR ORGANIC GROWTH POTENTIAL

- We have a higher growth potential than most European peers in each of our core pillars and higher revenue synergies

OUR MANAGEMENT VALUES

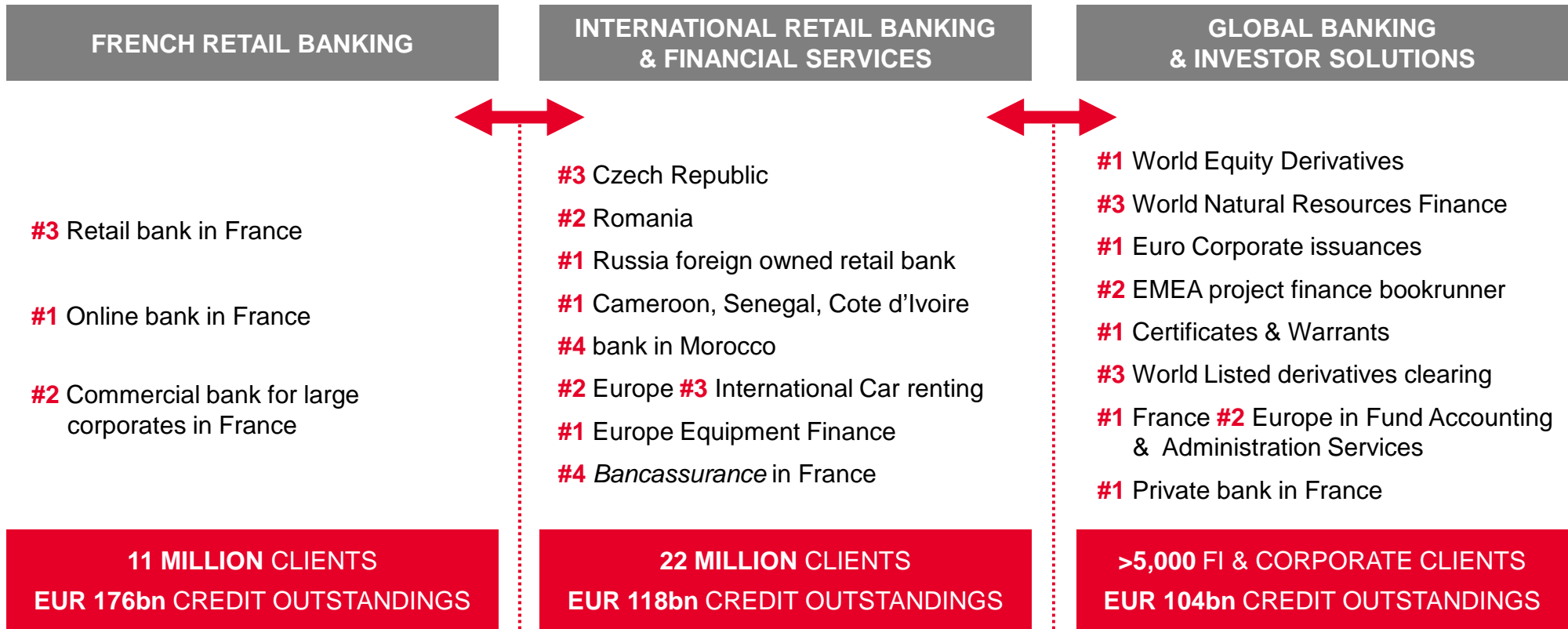
- We have a strong company culture based on team spirit, innovation, commitment and responsibility
- We have learnt the lessons from the crisis in terms of risk management and business conduct

WE HAVE BUILT A UNIVERSAL BANKING MODEL BENEFICIAL TO OUR CLIENTS



...BASED ON THREE COMPLEMENTARY PILLARS WITH LEADING FRANCHISES...

- Strong market positions across businesses
- Refocused on core franchises following portfolio optimisation since 2010
- Organisational simplification and streamlining achieved in 2013



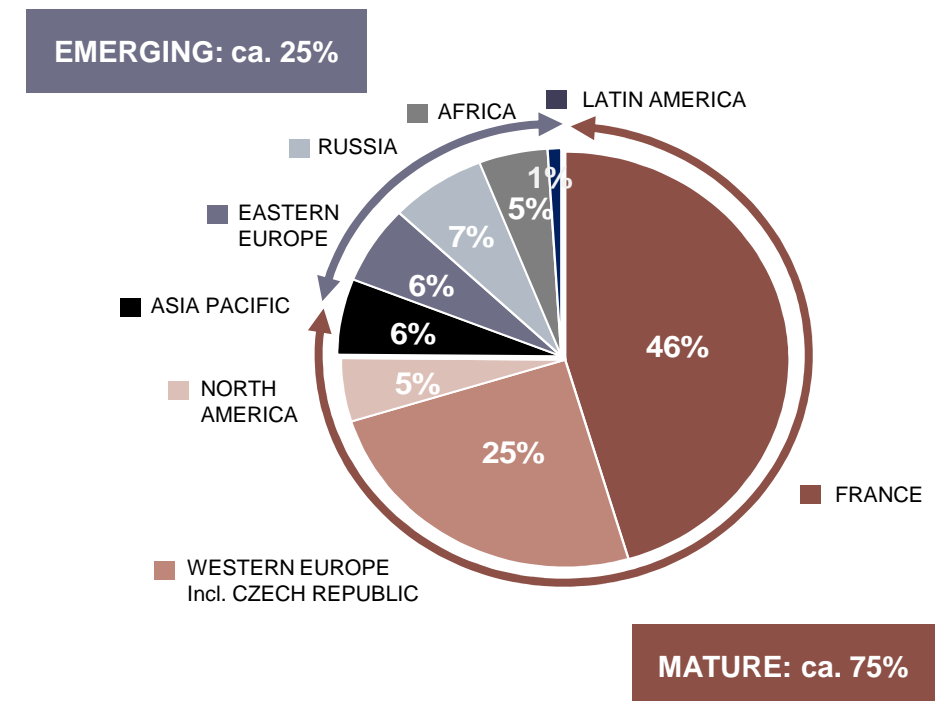
...WITH A GOOD GEOGRAPHICAL BALANCE

- Recurring earnings from mature countries
- Exposure to fast-growing emerging markets

➤ **A balance to be maintained going forward**

- **‘B to C’ activities to remain focused on the EMEA region**
 - Strong competitive positioning
 - In-depth knowledge, proven track record
 - Capacity to deliver synergies
- **‘B to B’ and ‘B to B to C’ activities operating on a wider geographical scope**
 - Connect Europe to other economic zones
 - Deliver world-class expertise on selected activities: CIB, Financial Services to corporates, Lyxor

2013 NBI BREAKDOWN (EUR 23bn)



OUR STRATEGIC PRIORITIES FOR THE MEDIUM-TERM

KEEPING THE PACE



OBJECTIVE: TO BE A BANK OF REFERENCE IN TERMS OF CLIENT SATISFACTION



1

FURTHER IMPROVE CLIENT SERVICE, MAINTAIN LEADERSHIP IN INNOVATION

INCREASE DIGITAL READINESS: PROFOUND INTERNAL TRANSFORMATION OF CULTURE AND IT SYSTEMS

A major internal push since 2010

- **To foster a digital mindset among teams and executives**
 - SG internal social network (40,000 users in just 2 years)
 - Annual international innovation Group trophy

A major additional step forward

- **Strategic partnership with Microsoft to digitally upgrade our company and promote mobility**
 - State-of-the-art digital applications, rolled out on a worldwide level
 - Maintain strong focus on IT & data security

We want our innovation to be

- **Nurtured** by each business and close to client needs (e.g. APPLI in France, ALD)
- **Sponsored** at the top (Executive Committee member Françoise Mercadal)
- **Open** to collaboration with staff (PEPS), clients (collaborative approach), universities, research centres
- **Engaging**: “Societe Generale answers in 30 minutes on Twitter”
- **Economically savvy**: Paylib, developed in collaboration with LBP and BNPP

2

CAPTURE GROWTH THROUGH BUSINESS DEVELOPMENTS...

ALL BUSINESSES TO CONTRIBUTE TO GROWTH

2013-2016
NBI CAGR

10%

Africa
Asia
Eastern Europe
Germany
Russia
Global Transaction Banking
Financing & Advisory
Online Banking
Insurance

5%

Equipment Finance
ALD
Private Banking

3%

Mature retail
Global Markets

2

...AND INCREASED REVENUE SYNERGIES

FIRM-WIDE CROSS-SELLING REVENUES: EUR 5.5bn* IN 2013

- **Representing 25% of total Group revenues: one of the highest levels across the industry.** Up +14% vs. 2011: growing faster than total Group revenues

➤ Value-enhancing for our customers

- One-stop shop offering, better understanding of client needs, more tailor-made solutions

➤ Value-creative for our shareholders

- Lower cost of client acquisition
- Enhancement of customer loyalty through higher share of wallets
- Economies of scale

▪ **New levers identified to foster future revenue growth from synergies**

- Increase cooperation between French Private Banking and Retail networks
- Implement Investor Services chain cooperation initiatives
- Deepen and widen footprint of our *bancassurance* offering
- Expand our Global Transaction Banking platform to serve all our corporate clients

* Source: management data, GBIS EUR 1.5bn, IBFS EUR 2.2bn and FRB EUR 1.8 bn

3 DELIVER SUSTAINABLE PROFITABILITY: DISCIPLINED COST AND RISK MANAGEMENT

Cost discipline

- **Run the bank on an industrial model**
 - Increase in operating expenses of +1% p.a. through 2016
 - Close monitoring of discretionary expenditure at all levels
 - Tight control of investments

Risk management

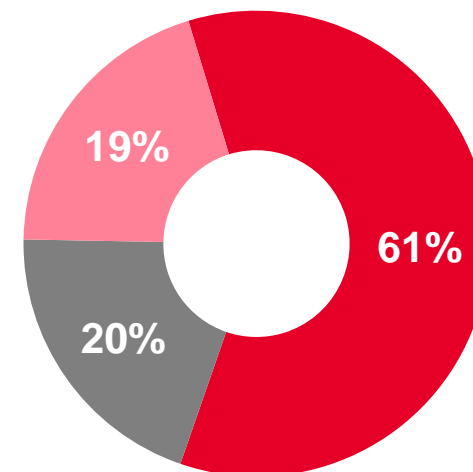
- **A comprehensive risk appetite framework**
- **Strong governance: finance, risk, audit and compliance functions vertically integrated**
- **Enhanced employee risk culture**

3

DELIVER SUSTAINABLE PROFITABILITY: DISCIPLINE IN ALLOCATING CAPITAL

- **Maintain balanced capital allocation**
 - Retail banking activities: basis of our Universal Banking model
 - Share of market activities to remain limited to 20%
- **Profitable RWA growth policy**
 - Target average business RWA growth of +4% p.a. for 2013-2016
 - Favour fast-growing and most profitable client franchises, in synergy with existing activities
- **Ongoing disciplined portfolio management**
 - Decisive management of underperforming franchises
 - Ready for limited, opportunistic M&A based on simple criteria: Relevance to our customers, contribution to profitability and growth, connectivity with other businesses, cost synergies, risk profile
- **Dividend policy**
 - 2014 dividend payout ratio: 40%
 - Target 2015-2016: 50%
 - 100% cash dividend

BUSINESS RWA* 2016E (BASEL 3)




- Retail
- Financing, Investor Services & Wealth Management
- Market Activities

* Excluding legacy assets. Figures include Newedge at 100%.

KEY STRENGTHS

- **Top 5 European player with multi-specialist model, best-in-class profitability**
 - A focused range of complementary activities with leading positions, synergies at the heart of the model
 - A solid client base
 - Risk profile sharply reduced since 2007, thanks to transformation of business portfolio, sale of legacy asset portfolio and solid risk management
 - A stable, cohesive and experienced management team
- **Business mix is well-suited to changing client demands and new regulatory environment**
 - Benefits from global growth trends in structured financing
 - Well positioned to gain market share in a refocused CIB industry landscape
 - Capacity to take advantage of ongoing disintermediation and capital market and post-trade services revolution: euro capital market, post-trade integrated offering

 **A superior CIB franchise at the core of our model, well-placed to capture higher growth and deliver higher profitability than the industry**

OUR BUSINESSES GLOBAL BANKING AND INVESTOR SOLUTIONS

TOP PRIORITIES

1

Build up further our existing strengths

- Grow client footprint
- Extend leadership in equity derivatives and selected fixed income areas
- Commit capital to grow Financing & Advisory
- Develop Private Banking in Europe and Lyxor

2

Be at the forefront of the capital market and post-trade services revolution

3

Keep resource-efficiency at the heart of our business

- **NBI: +3% CAGR**
- **ROE: 15%**

**TARGETS
FOR 2016**

KEY STRENGTHS

- **Leading franchises with recognised expertise:** banks & insurance
- **A capacity to grow in the long term**
- **Reshaped business models attuned to the post-crisis environment:** more self-funded, more cost efficient and with enhanced risk management

Confirmation of our long-term commitment to Russia, despite current crisis

- Promising banking market
- Good potential for growth for our business on a self-funded basis and with strict risk control

 **Back to profitable growth**

OUR BUSINESSES

INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES


TOP PRIORITIES

- **1** — **Capture growth potential and boost synergies**
 - Individuals: *bancassurance*, Private Banking, online services
 - Corporates: grow ALD and Equipment Finance; cross-sell transaction banking, flow business, capital markets, structured finance
- **2** — **Pursue ongoing set-up optimisation**
 - Rebound strategy in Romania
 - In Russia, implement sound growth strategy and deliver ROE of 14% in 2016
- **3** — **Raise profitability**

- **NBI: +5% CAGR**
- **ROE: 15%**

**TARGETS
FOR 2016**

KEY STRENGTHS

- **Three complementary brands in the best retail market among the large Euro-zone economies**
 - Exposed to fastest-growing and richest regions in France
 - Geared towards affluent individuals and corporate clients
 - **Differentiated value proposition**
 - Efficient model proven by consistent and increasing score of client satisfaction
 - Leadership in digital services
 - **Strong track record**
 - Resilient business with higher growth than peers over the last ten years
 - Proven innovation capabilities
 - Benefiting from Group synergies (Insurance, CIB, Private Banking...)
-  **A competitive set-up ready to deliver higher growth than peers and sustainable profitability**

OUR BUSINESSES FRENCH RETAIL BANKING

TOP PRIORITIES

- 1 — **Develop growth drivers in a low interest rate environment**
 - Individuals: *bancassurance*, Boursorama, Private Banking
 - Corporates: overall positioning as main banker, transaction banking
- 2 — **Pursue the transformation of the customer relationship model**
- 3 — **Increase operating efficiency**
- 4 — **Leverage on our strengthened risk management**

- **NBI: +1% CAGR**
- **ROE: 14%**

**TARGETS
FOR 2016**

2016 FINANCIAL TARGETS

		2013	2016 targets
GROWTH	REVENUES	EUR 24bn ⁽¹⁾	+3% CAGR
EFFICIENCY	COST/INCOME RATIO	66% ⁽¹⁾	62%
PROFITABILITY	RETURN ON EQUITY	8.3% ⁽¹⁾	≥10%
SOLVENCY	BASEL 3 FULLY LOADED CET1	10%	≥10%
	PAYOUT RATIO	27%	50%

2016 EPS: EUR 6

(1) 2013 figures based on proforma quarterly series published on March 31st 2014, adjusted for changes in Group perimeter (notably the acquisition of Newedge and the sale of Private Banking activities in Asia), excluding legacy assets, non-economic and non-recurring items as detailed on p39 of full-year and 4th quarter 2013 results presentation

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