



# SOCIETE GENERALE

## 2015 EUROPEAN FINANCIALS CONFERENCE

Frédéric Oudéa, Chairman and CEO

25 MARCH 2015

BUILDING TOGETHER

TEAM SPIRIT  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, 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 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 financial year ending 31st December 2014 was approved by the Board of Directors on 11 February 2015 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at this date.

## **PERFORMANCE IN LINE WITH BUSINESS PLAN**

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- 2014: a year of successful transformation in line with our key priorities
  - **Confirmed leadership in innovation and client service**
  - **Capturing growth through business developments and revenue synergies**
  - **Disciplined cost and risk management**
  - **Optimised capital allocation**
  
- Businesses performance consistent with 2016 roadmap
  - **French Retail Banking: increase revenues, generate intra group synergies and maintain our leadership in digital technology**
  - **International retail Banking and Financial Services: further increase financial performance across business lines and manage the situation in Russia**
  - **Global Banking and Investor Solutions: pursue profitable growth and deliver the targeted synergies following the Newedge acquisition**
  
- **Balanced use of recurrent capital generation between growth and distribution**

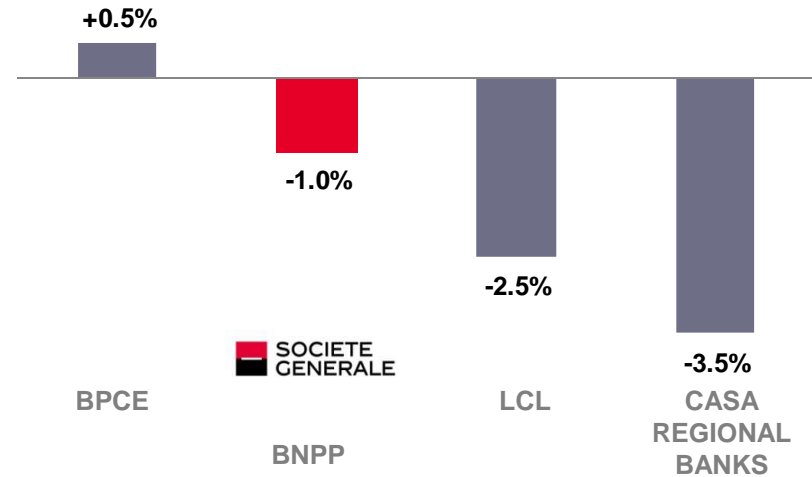
## RESILIENT REVENUES

- Revenue performance compares favourably with peers
  - **Resilient net interest income: +0.4%<sup>(1)</sup> vs. 2013, despite low interest rate environment**

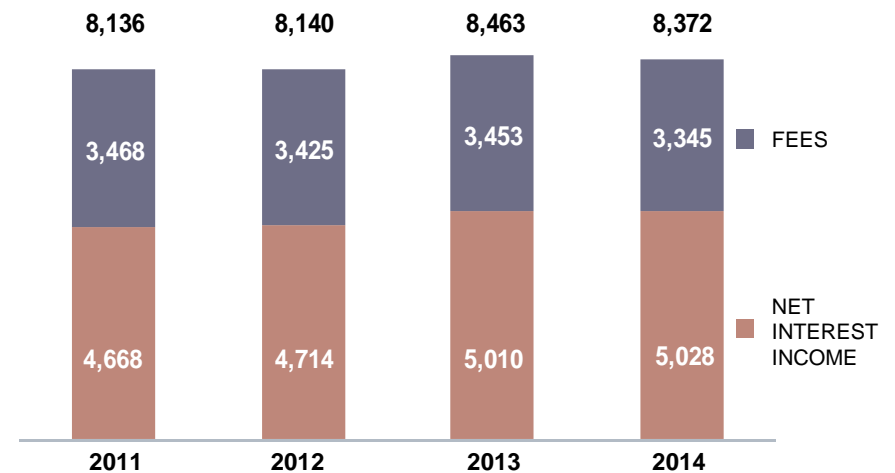
Strong deposit growth: +4.9% vs. 2013 mitigating lower long term interest rates

Higher margins on new loan production
  - **One-off decrease in 2014 fees due to regulatory cap on certain processing fees**
- Well positioned for recovery thanks to contribution from fee generating businesses

2014 Change in French Retail Banking NBI<sup>(1)</sup>



Net Banking Income<sup>(1)</sup> (in EUR m)



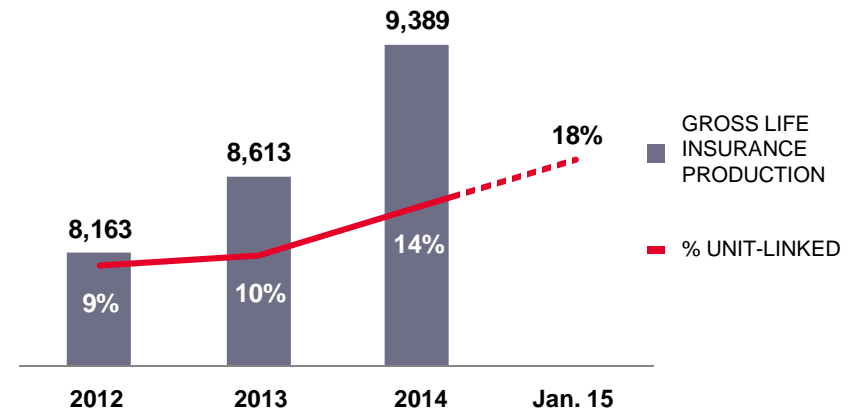
(1) Excluding PEL/CEL provision

**GROWTH DRIVERS FOR HIGHER FEE INCOME**

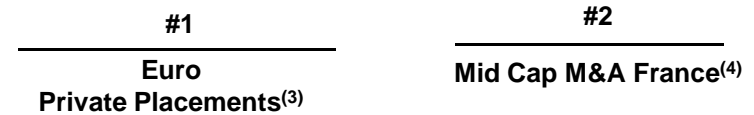
- Life insurance: growth potential through higher cross sell to our client base
  - **Unit-linked share of outstandings at 20% in 2014, above market average of 17%<sup>(1)</sup>**
  - **Reinforcing our presence with the announcement of the buy-out of Antarius<sup>(2)</sup>**
- New private banking model: EUR 52bn in assets under management
  - **High-end structured savings products offered to private banking clients**
- Leading position in French Midcap Investment Banking to take advantage of disintermediation trends
  - **One of the banks building a pan-European Euro PP market**
- Global Transaction and Payment Services: NBI up +8% in 2014

(1) Société Générale Insurance, Source AFA 2014  
 (2) Acquisition to become effective by 2017  
 (3) 2014, Thomson Financial  
 (4) 2014, Bloomberg

**Gross Life Insurance Production (in EUR m)**



**Leading Mid-Cap Investment Bank in France**

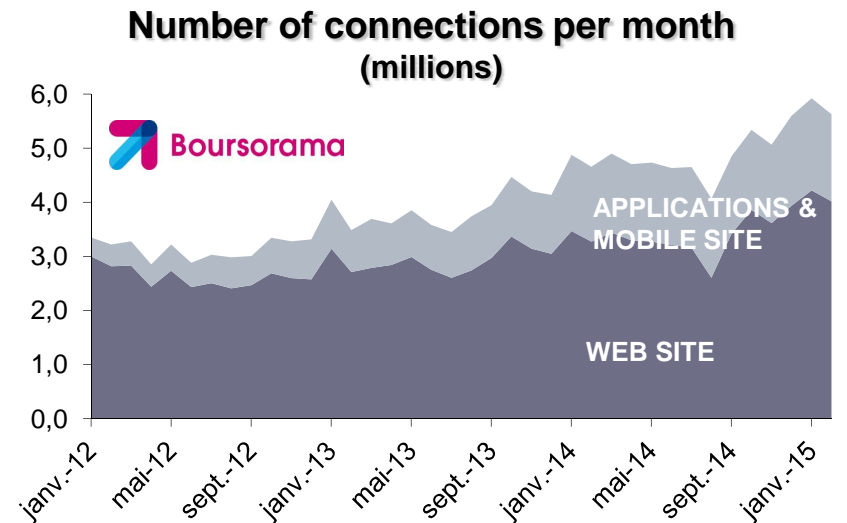
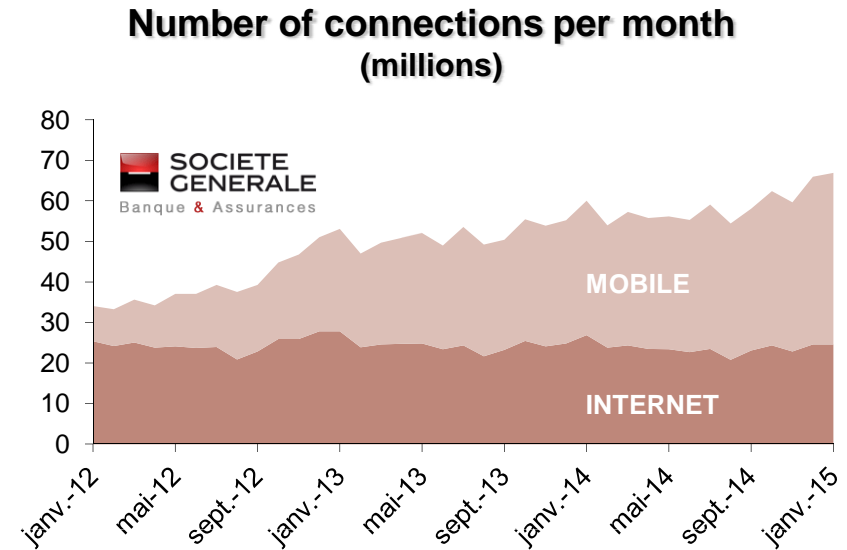


**Award-Winning Trade Finance and Cash Management**



**LEADERSHIP IN DIGITAL: PREPARING FOR THE RETAIL BANKING OF THE FUTURE**

- Digital adaptation: a constant focus for Societe Generale network
  - Basic services provided online: >95% of bank transfers via internet or mobile
  - #1 mobile banking application<sup>(1)</sup>
  - ~4x more user connections via mobile than three years ago
  
- Boursorama ahead of targets
  - Leading online bank in France, reinforcing expertise through the acquisition of Fiduceo
  - Over 630,000 clients as of February 2015, ambition to reach 1.5m customers in 2020
  - A profitable online bank despite development costs

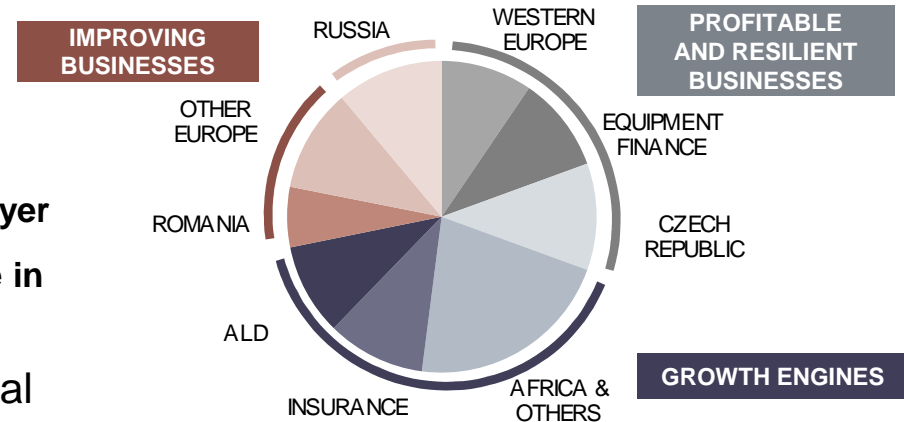


(1) Top worldwide “all in one” App by MyPrivateBanking, 2014

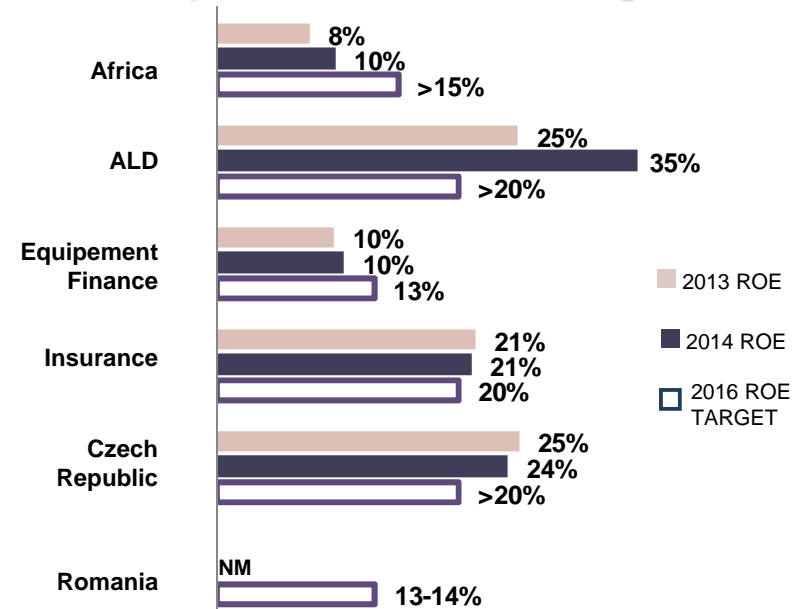
**ON TRACK TO REACH TARGETS**

- Leading franchises in high growth areas
  - Top three international banking group in Africa
  - Car renting and fleet management (ALD) second worldwide, Equipment Finance top European player
  - Insurance: development on the back of presence in retail networks
- Diversified business mix and optimised capital allocation: more than 70% of capital allocated to outperforming and resilient businesses
- Well positioned to deliver set targets
  - Africa: continue to invest and capture growth
  - Car renting and fleet management (ALD) and Equipment Finance: maintain leadership positions
  - Insurance: step up the bancassurance model roll-out
  - Czech Republic: differentiate through innovation and generate resilient revenues
  - Romania: revenue growth and normalisation of cost of risk

**2014 Allocated Capital**



**Reported ROE vs. 2016 Targets**



**SUSTAINED PROFITABILITY IN THE CZECH REPUBLIC, RECOVERY IN ROMANIA**

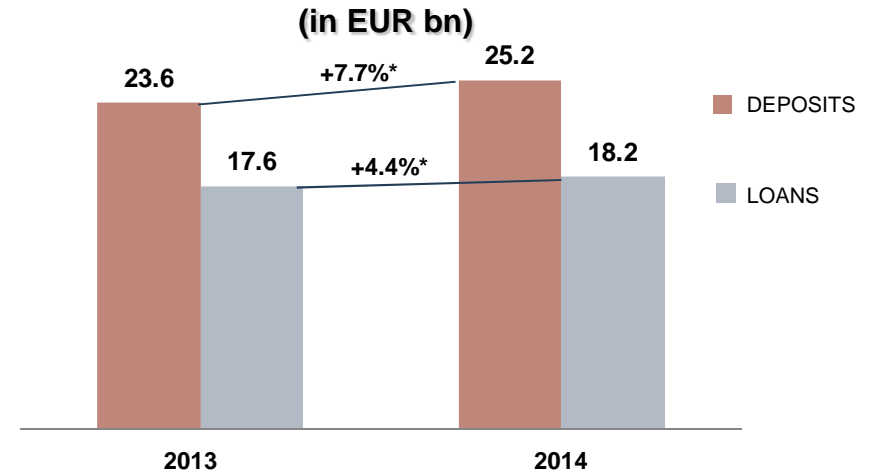
■ Czech Republic: maintain strong profitability

- Top ranking in large corporates and housing loans
- Improve transaction fees and daily banking within a low interest rate environment
- Contribution to Group net income: +4.9%\* to EUR 52m in Q4 14

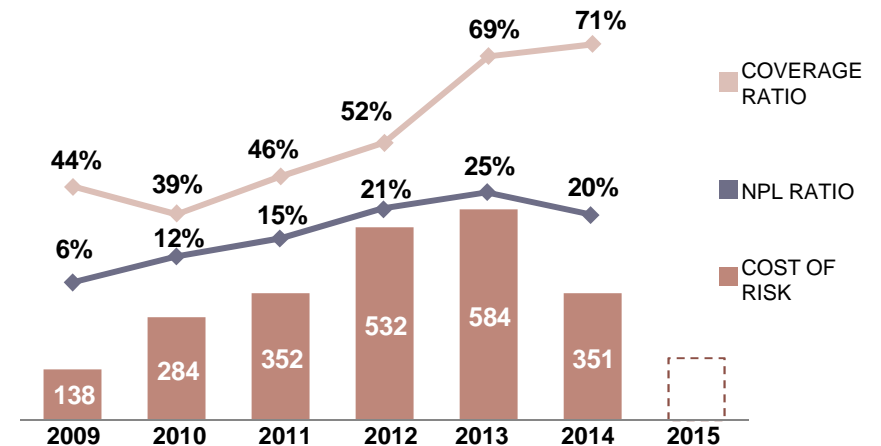
■ Romania: leverage on recovery and normalisation of the cost of risk

- Second largest bank, top ranking in large corporates and housing loans
- Breakeven achieved in Q4 14
- Cost of risk expected to half in 2015, following adjustment of property collateral values and strengthening of coverage ratio in prior years

**Czech Republic: Loans and Deposits**



**Romania: Cost of Risk (in bp), NPL and Coverage ratios<sup>(1)</sup>**



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

(1) Annual Cost of Risk, Coverage and NPL ratios as of end of period

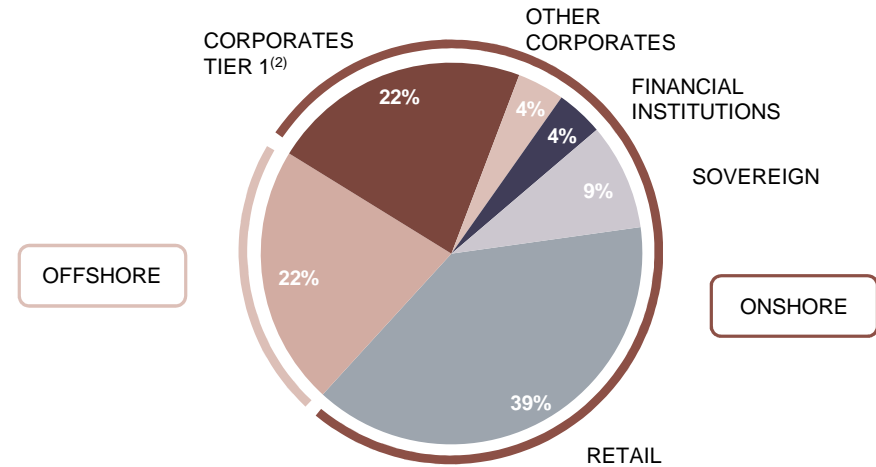


**STABILISATION IN RUSSIA**

- End-2014 Group exposure at EUR 16.7bn (2.3% of Group total)
  - **Offshore portfolio exposure (EUR 3.7bn): focused on natural resources exporters and prefinancing**
  - **Onshore exposure (EUR 13bn): selective loan origination resulting from adjusted pricing and underwriting policies**
    - Decrease in corporate outstandings (-8.4%\* vs. 2013)
    - Limited increase in retail outstandings (+2.0%\* vs. 2013)
    - Strong decrease in FX outstandings
- Market parameters improving in 2015: lower FX volatility, decrease in interest rates
- Onshore cost of risk expected at 400-500 bp this year
- 2015 priorities: further adjustment of business model and costs to compensate for the decline in revenues

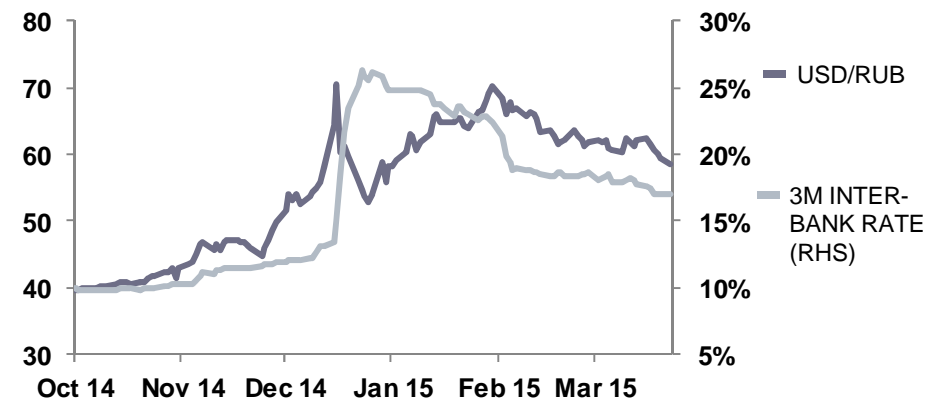
\* When adjusted for changes in Group structure and at constant exchange rate

**EAD as of Q4 14: EUR 16.7bn<sup>(1)</sup>**



(1) EAD net of provisions  
 (2) Top 500 Russian corporates and multinational corporates

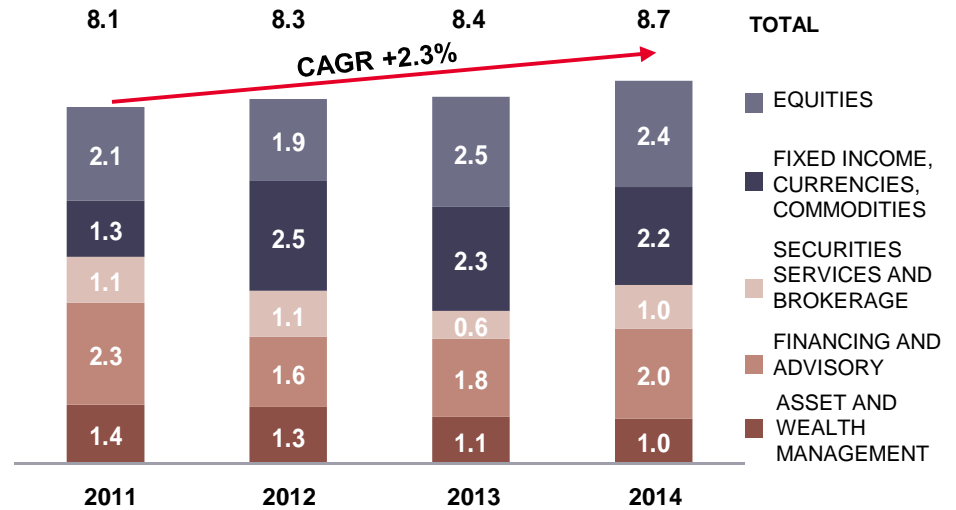
**USD/RUB rate and 3M Moscow Interbank rate**



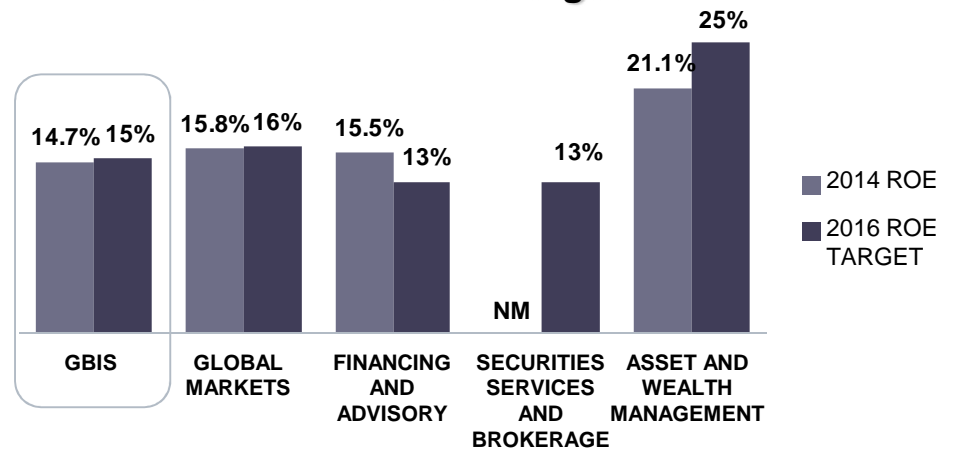
**DYNAMIC REVENUE GROWTH, PROFITABILITY ALREADY AT TARGET LEVEL**

- Resilient revenues despite volatile market environment and change of business mix
- A model well adapted to the new regulatory environment
- Profitability in line with roadmap: ROE of 14.7% in 2014
- Key priorities for 2015
  - Continue to build on our existing strengths and on-board new clients
  - Be at the forefront of the capital market and post trade services revolution
  - Pursue Newedge integration and deliver expected synergies

**2011- 2014 NBI (in EUR bn)**



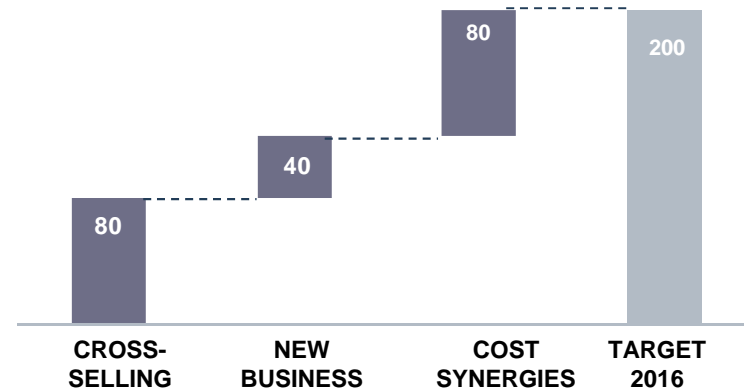
**2014 ROE vs. 2016 Target**



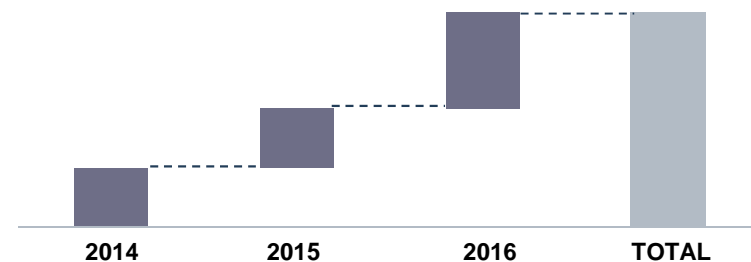
**NEWEDGE: INTEGRATION IN LINE WITH PLAN, VALUE DELIVERED**

- Integration well on track
  - Integration of legal entities initiated, merger of US broker-dealers achieved
  - Convergence of IT system and Group processes
  - Launch of staff relocation, off-shoring and near-shoring programs
- More than 25% of targeted synergies secured in 2014
  - Almost 20% of total cross selling and new business secured: on-boarding of 250 new clients
  - 40% of cost synergies already secured in 2014: staff reduced by -10%
  - First benefits of the transformation: NBI up +41% in Q4 14 vs. Q4 13
- Active role in post trade services
  - 10.6% market share, global geographic coverage
  - Aim to consolidate execution, develop prime services and build collateral management

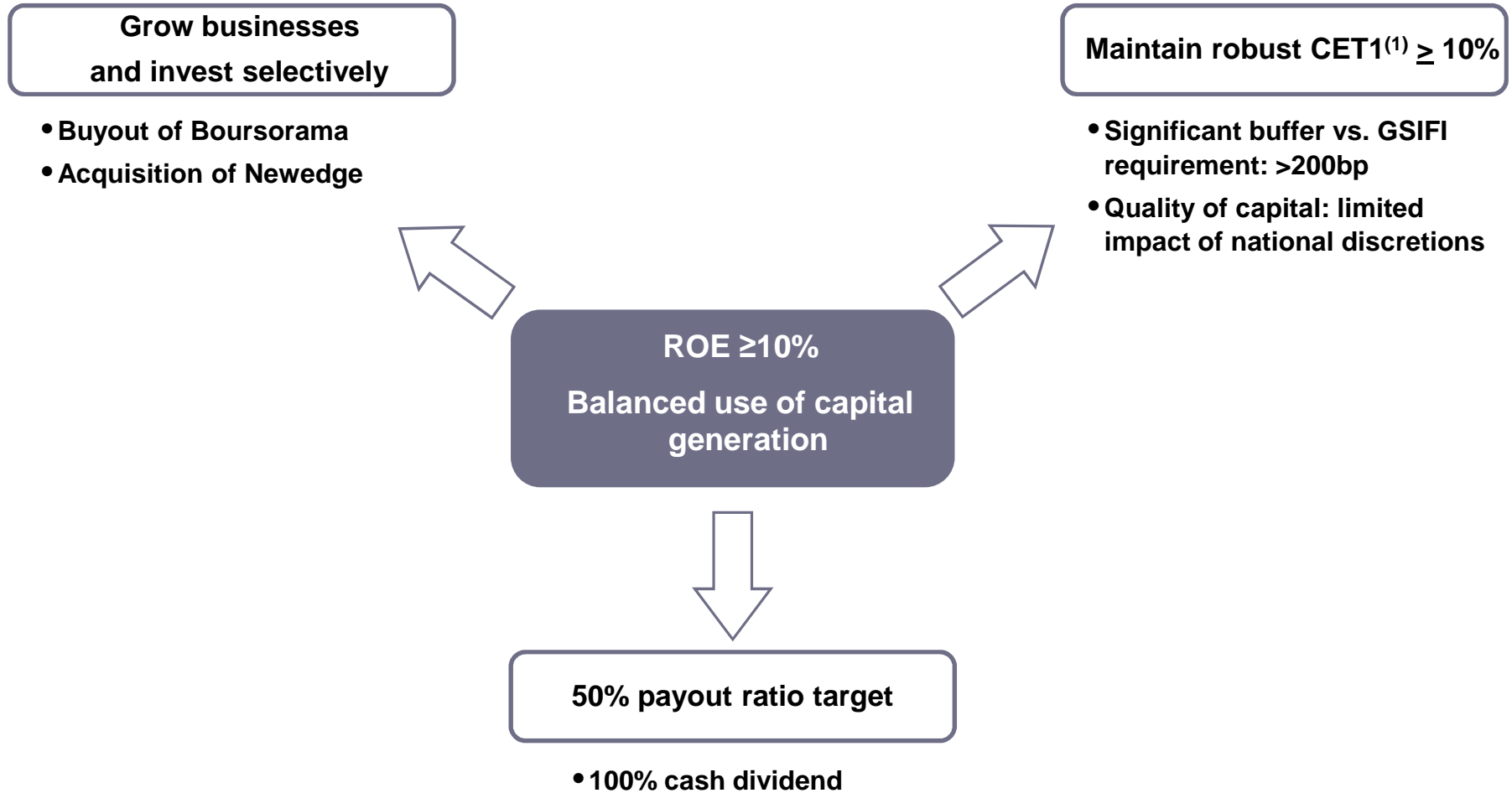
**Targeted GOI impact from integration  
(2016 vs. 2014, in EUR m)**



**Path to 2016 synergy Targets  
(in EUR m)**



## BALANCED USE OF CAPITAL GENERATION BETWEEN GROWTH AND DISTRIBUTION



➤ Focused on executing our strategic plan

(1) Fully loaded based on CRR/CRD4 rules, including Danish compromise for insurance

## KEY FIGURES

	<i>In EUR m</i>	<b>2014</b>	<b>Chg 2014/2013</b>
<b>Financial results</b>	Net banking income	23,561	+5.0%
	Operating expenses	(16,016)	-0.2%
	Net cost of risk	(2,967)	-26.7%
	Group net income	2,692	+31.7%
	ROE	5.3%	
	ROE*	5.5%	
<b>Performance per share</b>	Earnings per share	EUR 2.92	
	Net Tangible Asset value per Share	EUR 51.43	
	Net Asset value per Share	EUR 57.96	
<b>Capital generation</b>	Common Equity Tier 1 ratio**	10.1%	+13bp
	Tier 1 ratio	12.6%	+89bp
<b>Scarce resources</b>	L/D ratio***	98%	
	RWA	EUR 353.2bn	

\* Excluding revaluation of own financial liabilities and DVA

\*\* Fully loaded proforma based on CRR/CRD4 rules as published on 26<sup>th</sup> June 2013, including Danish compromise for insurance  
Phased-in Basel 3 Common Equity Tier 1 ratio at 10.9% as of 31<sup>th</sup> december2014

\*\*\* Refer to methodology section on p. 83-85 of full-year and 4th quarter 2014 results presentation



## **INVESTORS RELATIONS TEAM**

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