# SOCIETE GENERALE
# GOLDMAN SACHS FINANCIALS CONFERENCE

**Frédéric Oudéa, Chairman & CEO**

9 JUNE 2011

BUILDING TOGETHER
TEAM SPIRIT SOCIETE GENERALE

# DISCLAIMER

This document may contain a number of forecasts and comments relating to the targets and strategies of the Societe Generale Group. These forecasts are based on a series of assumptions, both general and specific, notably - unless specified otherwise - the application of accounting principles and methods in accordance with IFRS as adopted in the European Union, as well as the application of existing prudential regulations.

This information was developed from scenarios based on a number of economic assumptions for 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 impact on its operations;
- to precisely 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 presentation.

There is a risk that these projections will not be met. Investors are advised to take into account factors of uncertainty and risk likely to impact the operations of the Group when basing their investment decisions on information provided in this document.

Unless otherwise specified, the sources for the rankings are internal.

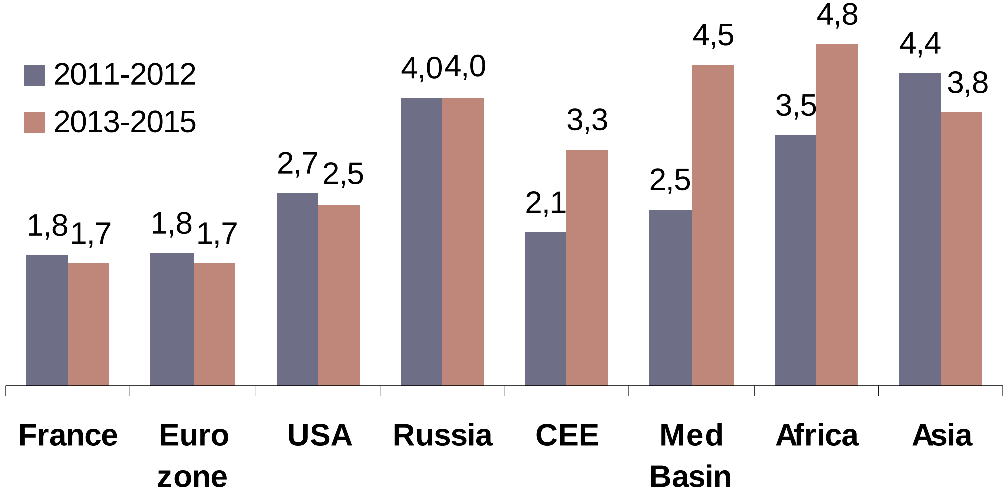
The Group’s quarterly results at 31 March 2011 were reviewed by the Board of Directors on 4 May 2011.

The financial information presented for the first quarter 2011 has been prepared in accordance with IFRS as adopted in the European Union and applicable at this date. This financial information does not constitute a set of financial statements for an interim period as defined by IAS 34 "Interim Financial Reporting". Societe Generale’s management intends to publish condensed half-yearly consolidated financial statements for the six-month period ending 30 June 2011.

# CONVALESCENT MACROECONOMIC ENVIRONMENT

- Moderate growth in developed economies
- Inflation fears driving interest rates hikes
- Russia on track for solid growth in the years to come
- Recent upheavals in some countries of the Mediterranean Basin & Africa but long term outlook positive
- Ongoing uncertainty on the Euro zone debt crisis

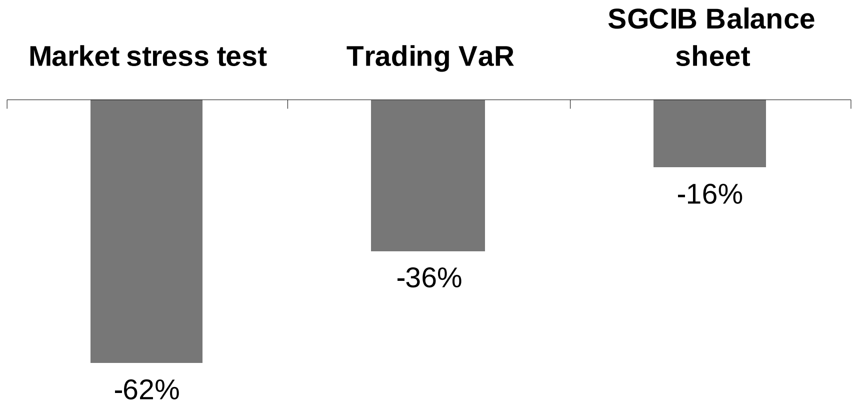
**SG's regions: annual GDP growth**
***(in %, source: SG)***



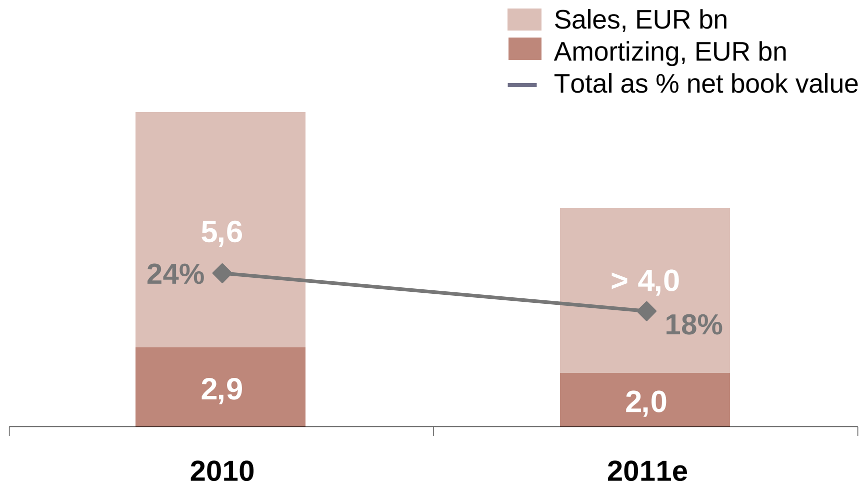
# FOCUS ON CUSTOMERS, LOWER RISK TAKING

- Going forward, banks will need to deliver growth at lower risk
  - **Also in light of increased regulators' focus on banks' market activities**
- Significant progress was made to date by banks to reduce their risk profile
  - **More client oriented businesses**
  - **Market risk significantly reduced**
  - **Run-down of legacy exposures**
  - **Improved disclosure**
  - **Improved governance of risks**
- Société Générale has already significantly reduced its risk profile and will deliver growth at lower risk

## SG risk metrics Q2 07* - Q1 11




## SG legacy assets reduction




* **since Q4-08 for the Trading VaR**

# NEW REGULATORY STANDARDS FOR CAPITAL & LIQUIDITY

- Capital
  - **Basel 3 will lead to significantly higher capital levels**
  - **Current debate around:**

    - Final level of Core Tier 1 required, including SIFI surcharge

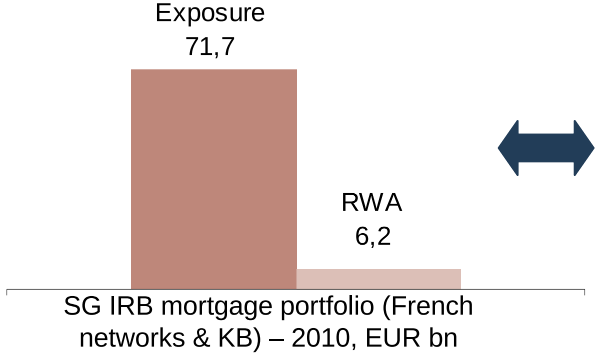
    - lack of consistency on RWAs calculation

↳ Risk of tilted playing field

- Liquidity
  - **Potential unintended consequences on the economy, at a time of greater fiscal consolidation**
  - **EU accounts for 25% of world GDP but would bear 60% of the LCR & NSFR liquidity shortfalls**
  - **Insufficient capacity in Europe to absorb both Government and banks' long term funding requirements**

↳ Need for adjustment and progressive implementation of new liquidity rules

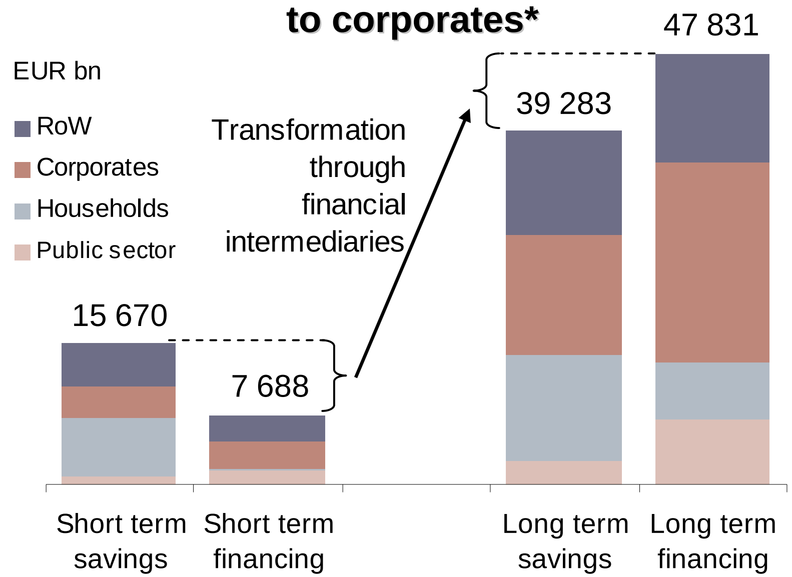
**Low Risk weights in Europe partly driven by on-balance sheet low risk mortgages: SG's example**




**Average CoR on housing loans in SG network 2004-2010: 1-2bp**

**Large use of mortgage guarantees in France**

**Euro zone: banks' key role in the transformation of excess ST savings from households in LT financing to corporates***

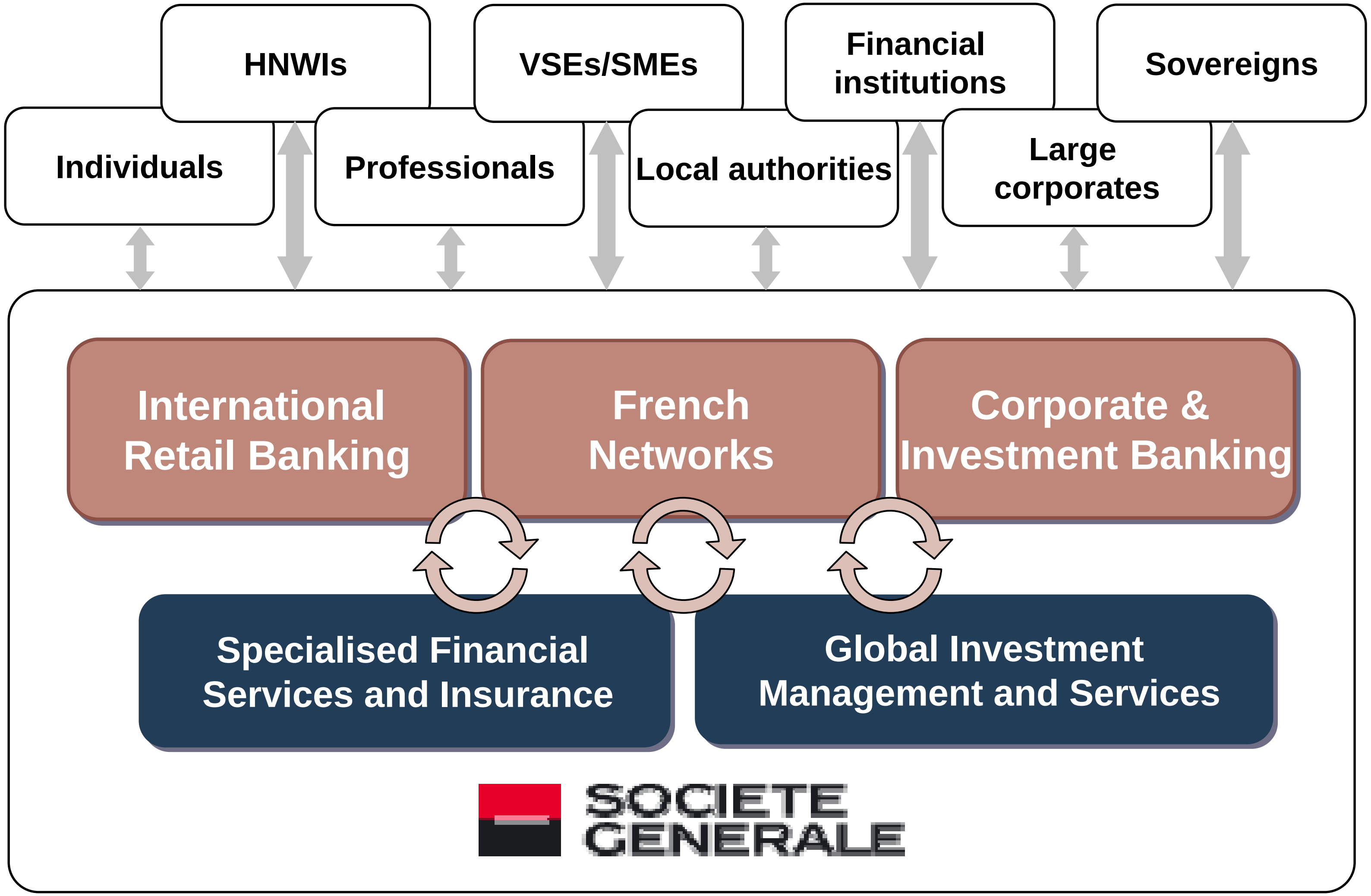



* **source: ECB**

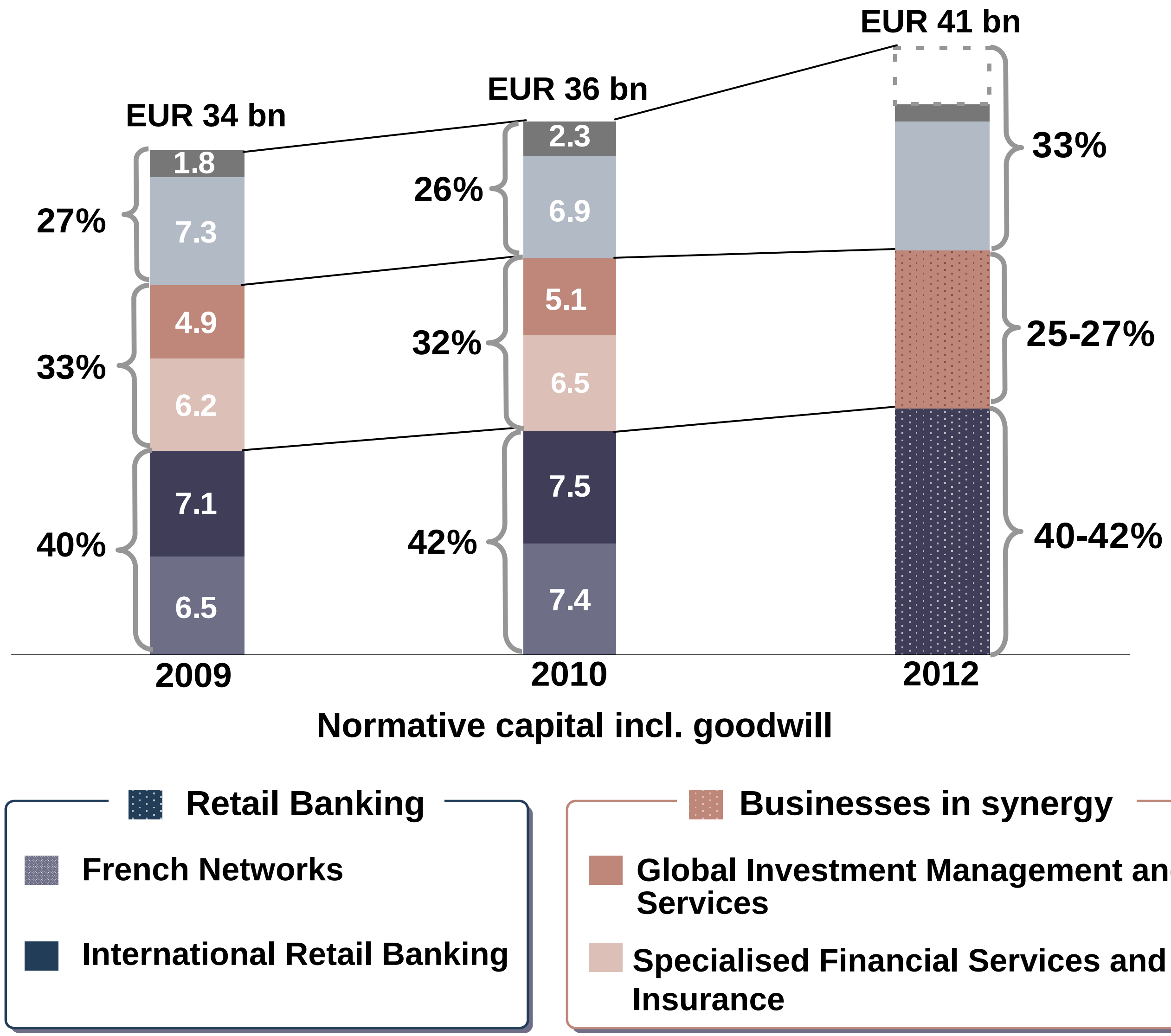
# TOMORROW'S BANKING ENVIRONMENT

- Strict allocation of capital & liquidity resources
- More disintermediation in Europe
- Higher barriers to entry in Corporate & Investment Banking
- Repricing of credits and services?
- Cost efficiency key to maintaining good RoEs
  - *Lean operating models*
  - *Adjustment of CIB compensation ratios?*
- Right balance between growth and risk

# A UNIVERSAL BANKING MODEL REFOCUSED ON THREE CORE BUSINESSES



# LEADING TO A REALLOCATION OF GROUP CAPITAL



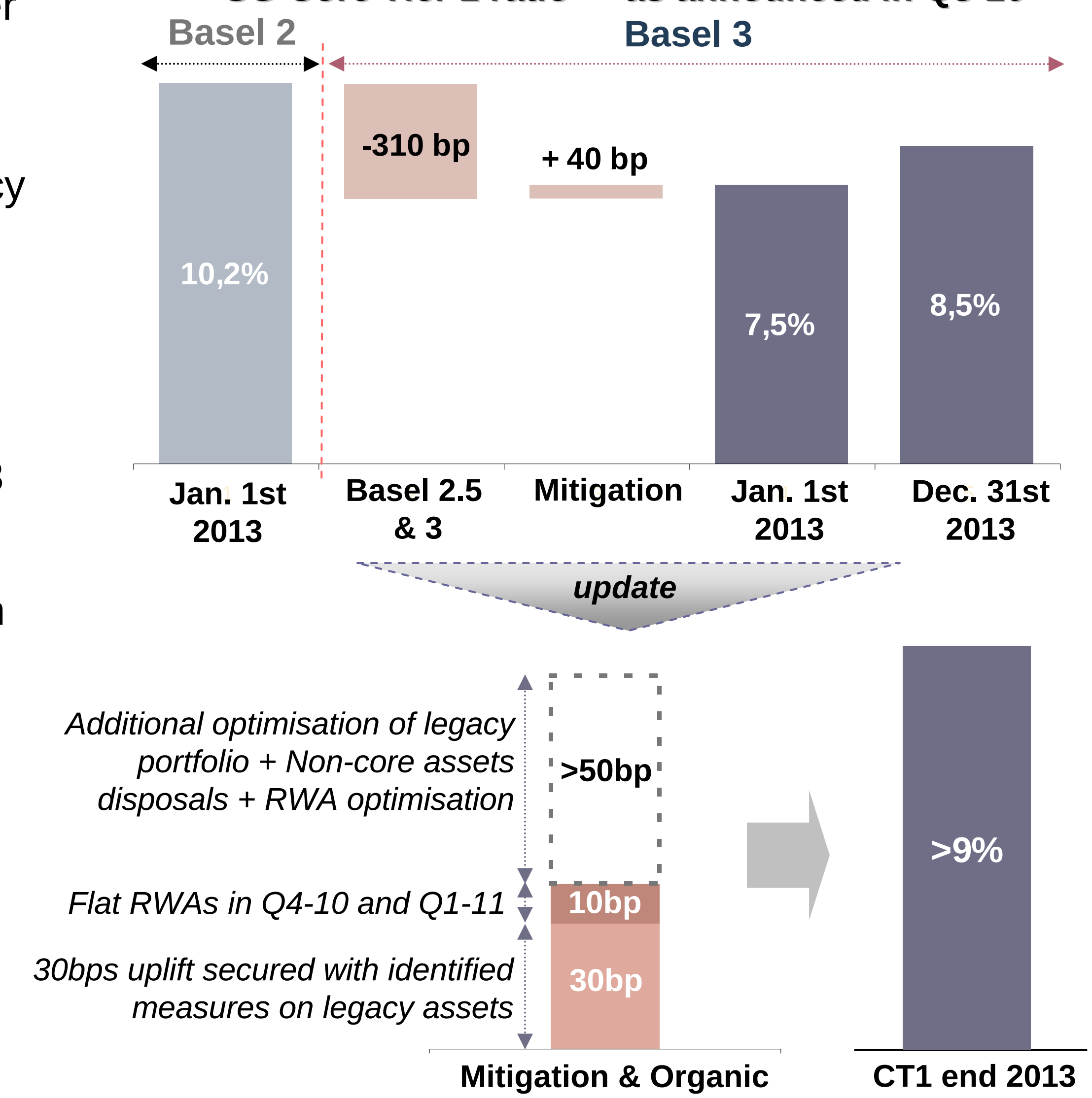

- Capital reallocated towards Retail Banking activities
- Recent portfolio arbitrages :
  - **Disposal of ECS, consumer credit in Kazakhstan and Latvia**
  - **Acquisition of SMC**
- Optimisation of legacy portfolio capital consumption

# MAINTAIN STRONG SOLVENCY STANDARDS

- In Q3-10, we announced a Basel 3 Core Tier 1 target of 8.5% in 2013, based on conservative mitigation efforts
- Since then, we identified measures on legacy assets securing 30 bps gain of Core Tier 1
  - **Cracking of 3 CDO of RMBS (completed)**
  - **Sales of RMBS and CMBS (to be done by 2013)**
- Group RWAs were flat in Q4-10 and Q1-11 providing for a ~10bps improvement in 2013 Core Tier 1 vs. initial expectation
- 9%+ fully-loaded Basel 3 Core Tier 1 ratio in 2013 is achievable with:
  - **Further optimisation of legacy assets capital consumption**
  - **Arbitrages within Group portfolio of activities**
  - **RWA optimisation & control**

⇘ Capacity to exceed 9% Core Tier 1 under Basel 3 in 2013

**SG Core Tier 1 ratio* – as announced in Q3-10**

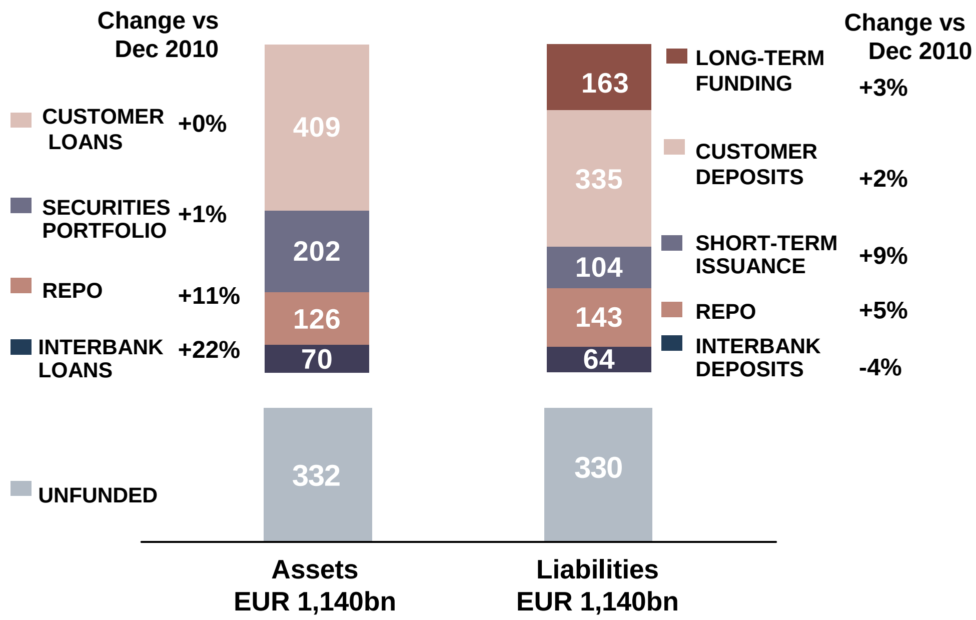



* **without phase-in of deductions**

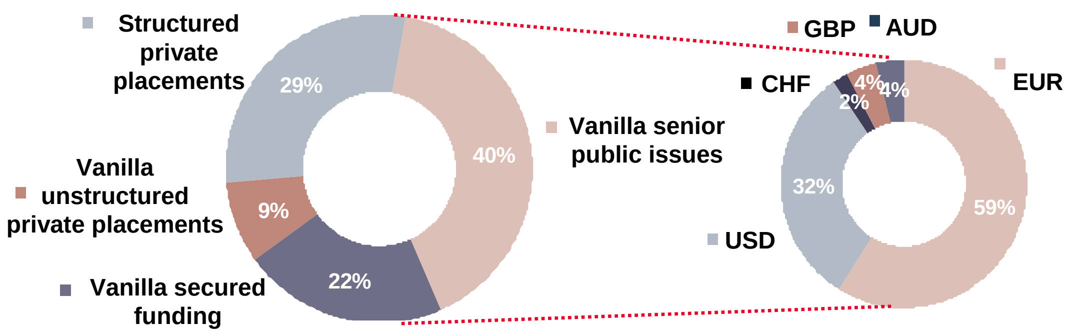
# STRICT LIQUIDITY MANAGEMENT

- Loan/deposit ratio improved 2 pts vs. Q4-10, reaching 122%
  - **Deposits up EUR 6bn in Q1-11**
- As at 1st of June 2011, EUR 20.2 bn in senior debt was issued, i.e. 77% of the programme
  - **Vanilla issuance: 89% of programme completed (average maturity at issuance of 7 years in 2011 vs. 6 years in 2010)**
  - **Structured issuance: 59% of the programme completed**
  - **A new secured issuance vehicle (SG SFH) set up**
    - Inaugural issue of EUR 1.5 bn on May 24 at reoffer price MS+43bps
- Controlled growth of the funded balance sheet
  - **1.6% CAGR between 2007 and March 2011**

**Balance sheet at 31 March 2011**




**Issuance as at 1 June 2011**



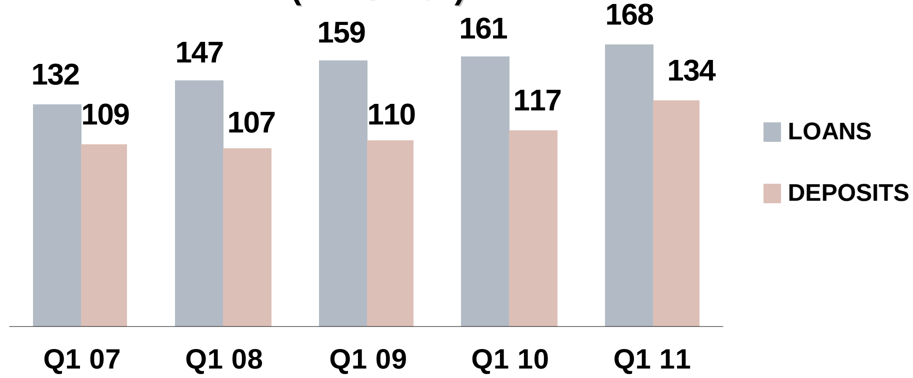
# BE THE BENCHMARK FOR CUSTOMER SATISFACTION

- Ambition 2015:
  - **Maximise customer satisfaction for each of our three brands**
  - **Attract 2 million individual customers**
  - **Gain 1% market share with business customers**
  - **Improve operating efficiency**
- Progress as of Q1 11:
  - **Healthy volume growth**
  - **Loan-deposit ratio at 126%, -12pts yoy**
  - **Revenues: +4.6%[(a)(b)] vs. Q1 10**
  - **C/I ratio[(b)] = 64.9%, down -0.4pts vs. Q1 10**
  - **Net income: EUR 352 m (+26.2% vs. Q1-10)**

➥ Dynamic & high potential franchise

**Loans and deposits**

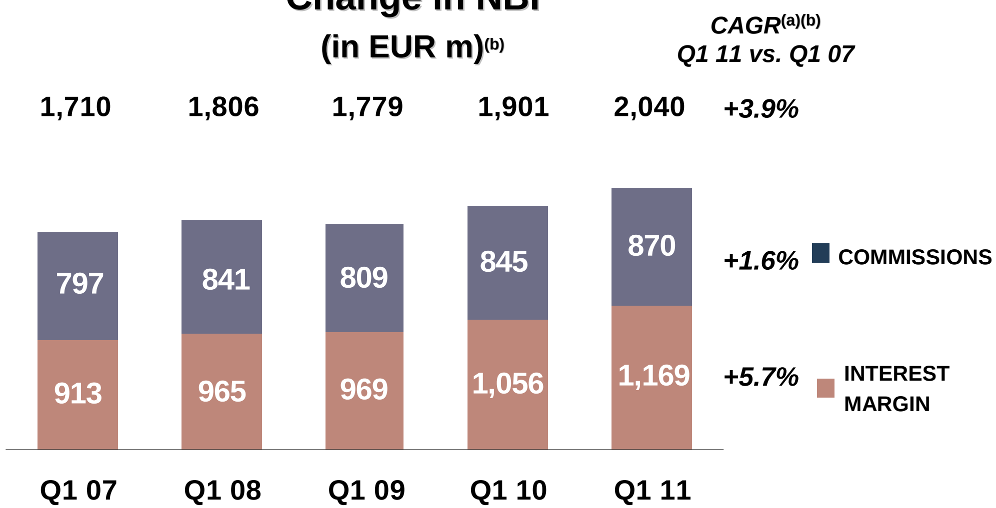
**(in EUR bn)**




**2007 including Boursorama, outstandings in foreign currencies and on financial institutions, BMTN issued. SMC starting in Q4 10**

**Change in NBI**

**(in EUR m)[(b)]**




(a) Excluding SMC
(b) Excluding PEL/CEL

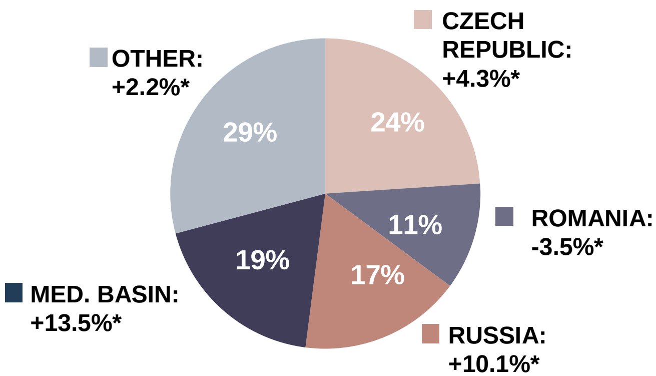
# TOP 3 IN CEE & RUSSIA

- Ambition 2015:
  - **Create a leading player in Russia**
  - **Intensify client relationships in the most mature countries**
  - **Accelerate growth in areas with higher banking penetration potential**
  - **Improve operational efficiency**

- Progress as of Q1-11
  - **Russia: loans up +10.1%* vs Q1-10**
  - **Czech Republic: loans up +4.3%* vs Q1-10**
  - **Mediterranean Basin: double digit volume growth yoy**
  - **Impact of the crises in Egypt, Tunisia and Cote d'Ivoire on Group Net Income: ~EUR -59m**
  - **Net income: EUR 44m, -61.4% vs Q1-10**

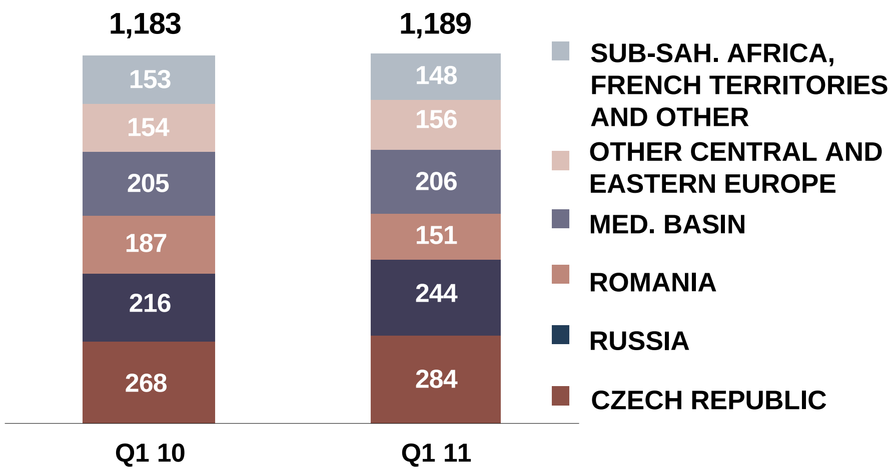
Normalisation expected in the coming quarters

**Loan outstandings at end-March 2011 +5.2%***




**Loan/Deposit ratio 99%**

**NBI by region (in EUR m)**




* When adjusted for changes in Group structure and at constant exchange rates, vs. end-March 2010

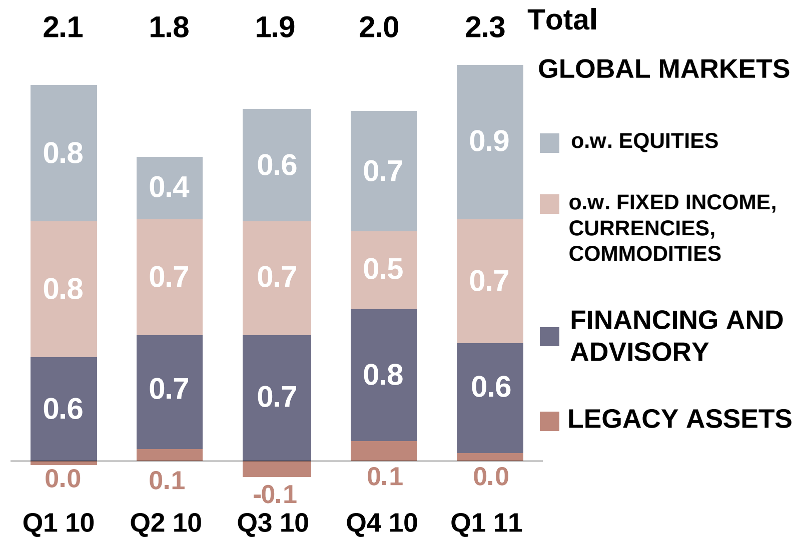
# TOP 5 POSITION IN EUROPE

- Ambition 2015:
  - **Expand leadership in equity derivatives and structured products**
  - **Develop structured financing by capitalising on high growth segments**
  - **Leverage our European franchise to further develop Fixed Income and Investment Banking**
  - **Develop CIB activities in CEE & Russia**

- Progress as of Q1-11 :
  - **Equities: very strong performance across all businesses**
  - **Fixed income, Currencies and Commodities: satisfactory results, particularly in rates and credit**
  - **Financing and Advisory: NBI up by +4.7%* vs. Q1 10**
  - **C/I ratio: 57.7% in Q1-11**
  - **Net income: EUR 591 m, +8.1% vs. Q1-10**

↳ Transformation under way and yielding first results

**NBI by business line (in EUR bn)**




**Main mandates over the quarter**

| Criteria CaixaCorp, S.A. | Sanofi-Aventis | Experian |
|---|---|---|
| M&A | USD bond issue | Benchmark bond and resulting swap |
| **EUR 19,000,000,000** Asset swap | **USD 7,000,000,000** | **GBP 400,000,000** |
| Financial Advisor | Joint Bookrunner | Joint-bookrunner and Provider of cross-currency and interest rate swap |
| 2011 Spain | 2011 France | 2011 United Kingdom |

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

# OPERATING MODEL: POOLING & INDUSTRIALISATION

- Retail Information system: Industrialisation and Pooling
  - **STEP 1: France => unified IT team in place, one single information system delivered and implemented in stages between 2012 and 2015**
  - **STEP 2: Largest international entities (BRD, KB, Rosbank) => pooling of IS**
- Smaller international entities: regional hubs in Africa and CEE
- Russia: merger of Rosbank and BSGV systems by end 2011
- CIB: Transforming the operational model to improve risk control and optimise cost structure

| | |
|---|---|
| **Retail Banking IT program** | Shared IT applications |
| **HARPE** | Standard platform for International Retail entities, replacing 1,500 applications |
| **Russia** | Complete the integration process |
| **Resolution** | Transformation of SGCIB's operating model |

↳ Transformation of the operating model

# CONCLUSION

- Strong commercial revenue growth
- Investments on-going
- Costs under control
- Improvement of risk profile
- Strong capital generation

↳ Well on track to deliver Ambition SG 2015

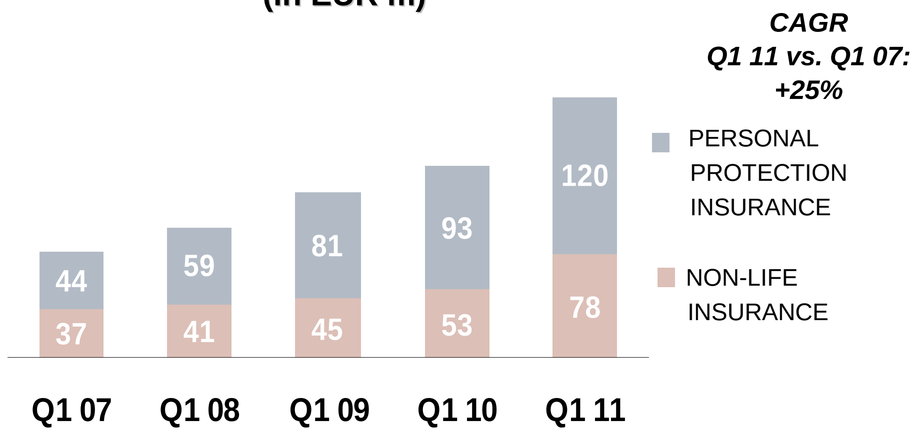
# SOCIETE GENERALE
APPENDIX

# BUSINESSES' RECOVERY ON-GOING

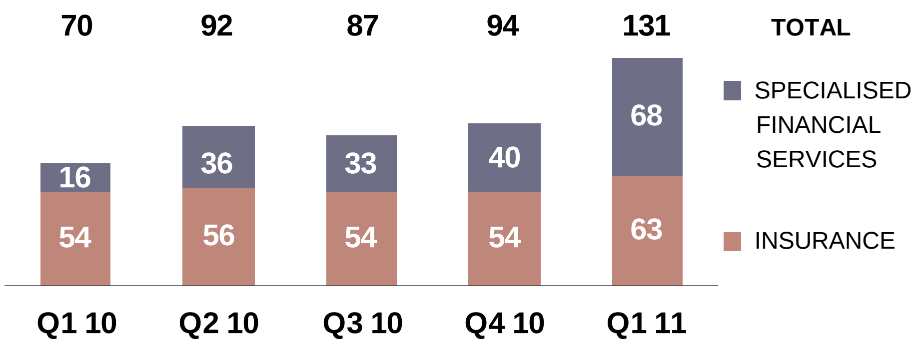
- Development of Insurance activities
  - **Life insurance: net inflow of EUR 0.8bn and EUR 77bn in outstandings**
  - **Robust revenue growth +15.1%* vs. Q1 10**
- Growth in corporate financing
  - **Growth of operational vehicle leasing activity: fleet of 855,000 vehicles (+6.5%** vs. Q1 10)**
  - **Equipment Finance new business: +19.2%* vs. Q1 10**
  - **Partnership with La Banque Postale for equipment leasing**
- Refocusing of consumer finance business continues
  - **Stable new business, excluding Italy**
  - **New partnership agreements in France**
  - **Restructuring plan in Italy**
  - **Businesses sold in Kazakhstan and Latvia[(a)]**

Group Net Income increased to EUR 131m, +78.9%* vs. Q1 10

**Personal protection and non-life insurance premiums (in EUR m)**




**Change in Group Net Income (in EUR m)**



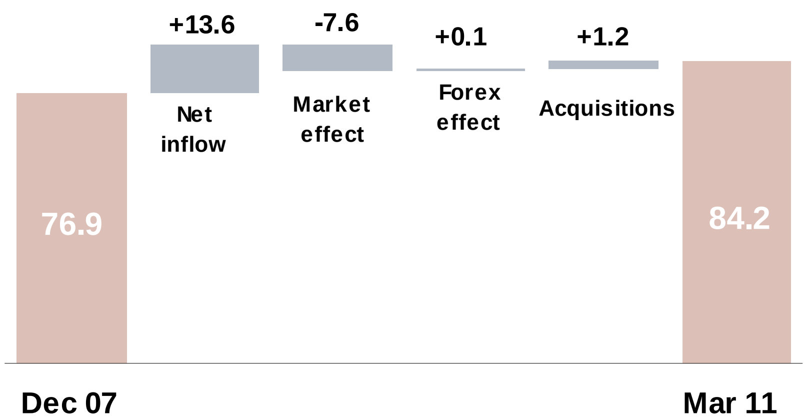

*** When adjusted for changes in Group structure and at constant exchange rates**
**** At constant structure**
**(a) Subject to the approval of the banking authorities**

# STRONG GROWTH IN RESULTS

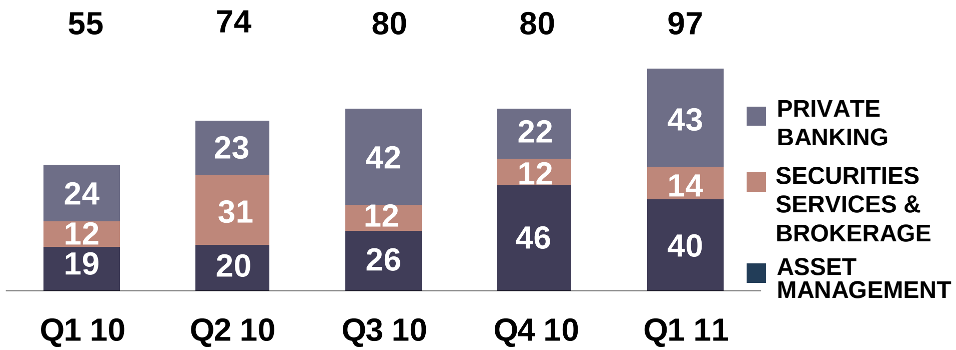
- Private Banking
  - **Strong quarterly inflow: EUR +1.7bn**
  - **Margin[a]: 106bp (vs. 98bp in 2010)**
- Securities Services
  - **Assets under custody: +4.7% vs. Q1 10**
  - **Assets under administration stable vs. Q1 10**
  - **C/I ratio -10pts vs. Q1 10**
- Brokerage
  - **Leadership position consolidated: 12.2%[b] market share**
- Asset Management
  - **TCW: strong performance of funds and net inflow of EUR +1.3bn**
  - **Amundi: quarterly contribution (accounted for by the equity method) of EUR 32m**

Group Net Income: EUR 97m, +76.4% vs. Q1 10

**Private Banking: strong and steady inflow since 2007 (in EUR bn)**




**Change in Group Net Income (in EUR m)**




(a) Excluding exceptional items
(b) On the principal markets of which Newedge is a member
* When adjusted for changes in Group structure and at constant exchange rates