



# **SOCIETE GENERALE**

## **2015 BANKING, INSURANCE & DIVERSIFIED FINANCIALS CEO CONFERENCE**

Frédéric Oudéa, CEO

30 SEPTEMBER 2015



**BUILDING TEAM SPIRIT  
TOGETHER**

## 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 quarter and half year ending 30th June 2015 was reviewed by the Board of Directors on 4th August 2015 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at this date.

  
**INTRODUCTION**

GROUP PERFORMANCE

BUSINESS RESULTS

CONCLUSION

## STRATEGIC MILESTONES REACHED DESPITE UNSTABLE ENVIRONMENT

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**Progressive  
recovery of  
the European  
economy**

Improving credit demand aiding transmission of accommodative ECB monetary policy

Drop in oil price increasing household disposable income and lowering costs for businesses

Export-oriented corporates benefiting from weaker Euro

**H1 15  
performance  
in line with  
Investor Day  
roadmap**

Strong commercial dynamics and solid growth of NBI, +3.5%<sup>(1)</sup> CAGR vs. H1 13

Improved cost/income ratio, EUR 850m expansion of cost reduction plan

Cost of risk curbed in all businesses, down -12bp vs. H1 14 to 49bp

Underlying<sup>(2)</sup> ROE of ~10%, in line with target

(1) Excluding Brazil, Russia, PEL/CEL provision and non-economic items and adjusted for IFRIC 21. See Q2 15 results presentation - Methodology, section 9. 2013 figures based on Investor Day data, adjusted for IFRIC 21 implementation and PEL/CEL provision

(2) Excluding non-economic items (own financial liabilities, DVA) and PEL/CEL provision. Adjusted for collective provision for litigation and IFRIC 21 in H1 15

INTRODUCTION

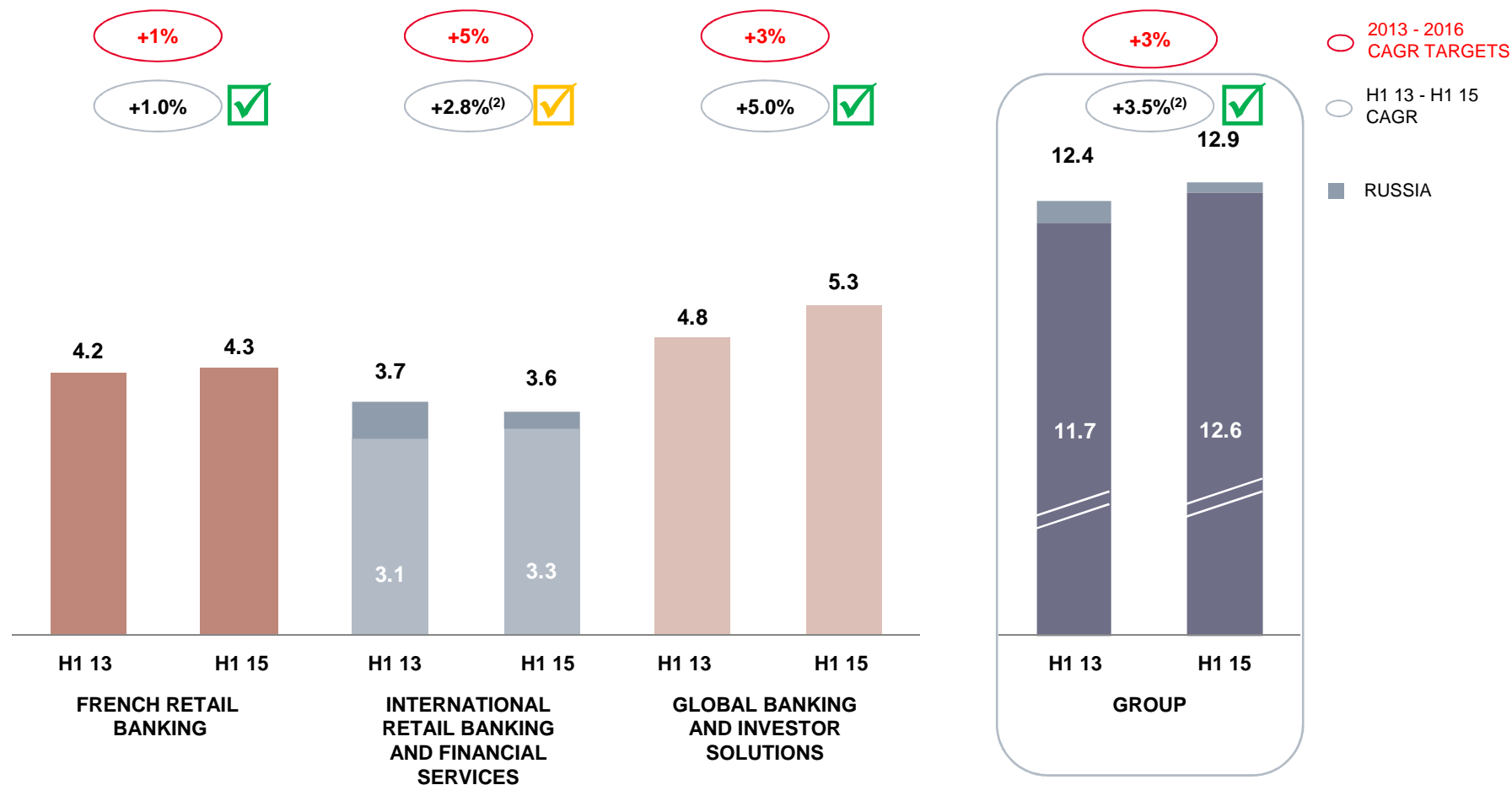
**GROUP PERFORMANCE**

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REVENUE GROWTH, IN LINE WITH ROADMAP...

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



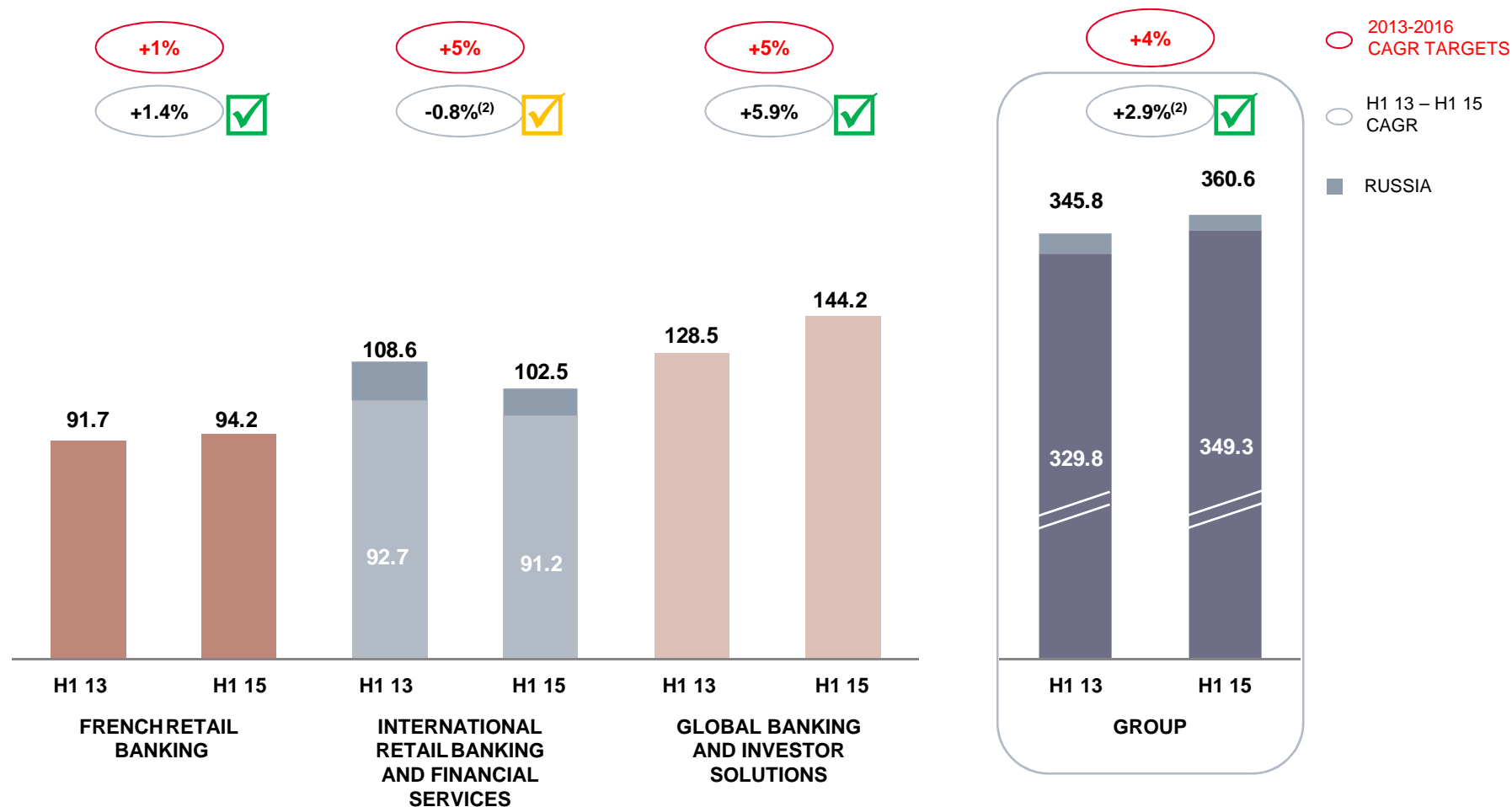
2013 figures based on Investor Day data, adjusted for IFRIC 21 implementation and PEL/CEL provision

(1) Excluding Brazil, PEL/CEL provision and non-economic items and adjusted for IFRIC 21. See Q2 15 results presentation - Methodology, section 9

(2) Excluding Russia

... WITH A DISCIPLINED CAPITAL USAGE

Risk Weighted Assets (RWA)<sup>(1)</sup> (in EUR bn)



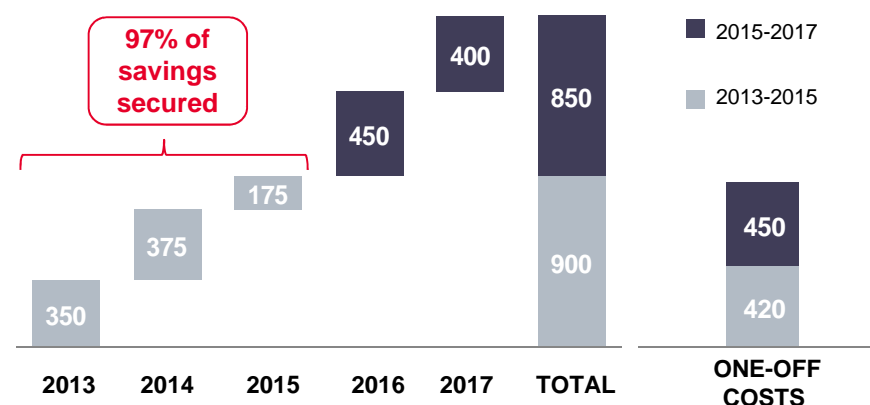
2013 figures based on Investor Day data

(1) Excluding Brazil  
 (2) Excluding Russia

## DISCIPLINED COST MANAGEMENT ACROSS THE GROUP

- Successful implementation of cost reduction programme
  - EUR 870m recurring cost savings secured since 2013
- Additional EUR 850m of savings planned by end-2017
- Operating expenses H1 13 - H1 15 CAGR: +1.8%<sup>(1)</sup>
  - Large part of increase due to business growth and introduction of Single Resolution Fund (SRF)
  - Increase in operating expenses offset by growth in NBI
  - Group Cost / Income ratio down -1.4pt in H1 15 vs. H1 14 at 64.8%<sup>(1)</sup>

### 2013-2017 Cost Reduction Programme (EUR m)



### Group and Businesses Cost/Income Ratio<sup>(1)</sup>

	2013	H1 15	2016 targets
RBDF	64%	62%	63%
IBFS	56%	54% <sup>(2)</sup>	53%
GBIS	70%	67%	68%
GROUP	66%	65%	62%

(1) H1 15 figures excluding Brazil, PEL/CEL provision and non-economic items, adjusted for IFRIC 21. 2013 figures based on June 2014 Investor Day data

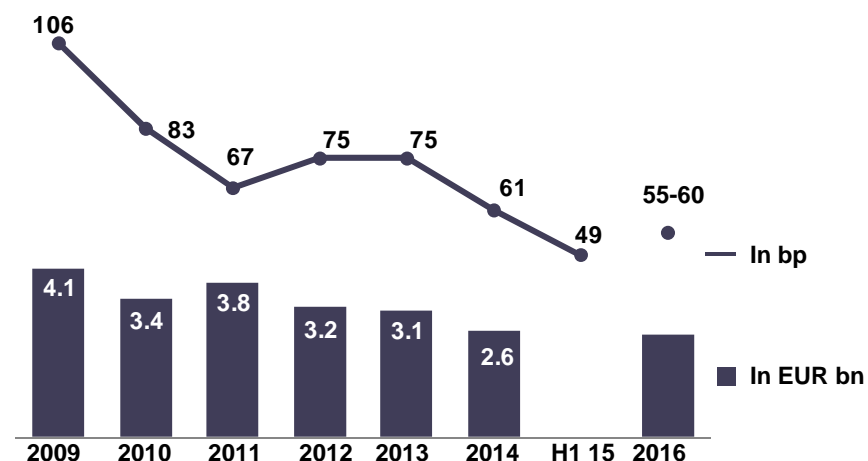
(2) Excluding Russia



## DOWNWARD TREND IN COST OF RISK CONFIRMED

- French Retail Banking
  - Downward trend vs. H1 14
- International Retail Banking and Financial Services
  - Overall decrease vs. H1 14
  - Resilient portfolio in Russia in Q2 15 despite a difficult economic environment
- Global Banking and Investor Solutions
  - Level within guidance
- Cost of risk already below 2016 targets

Group Cost of Risk<sup>(1)</sup>



Group and Businesses Cost of Risk<sup>(1)</sup>

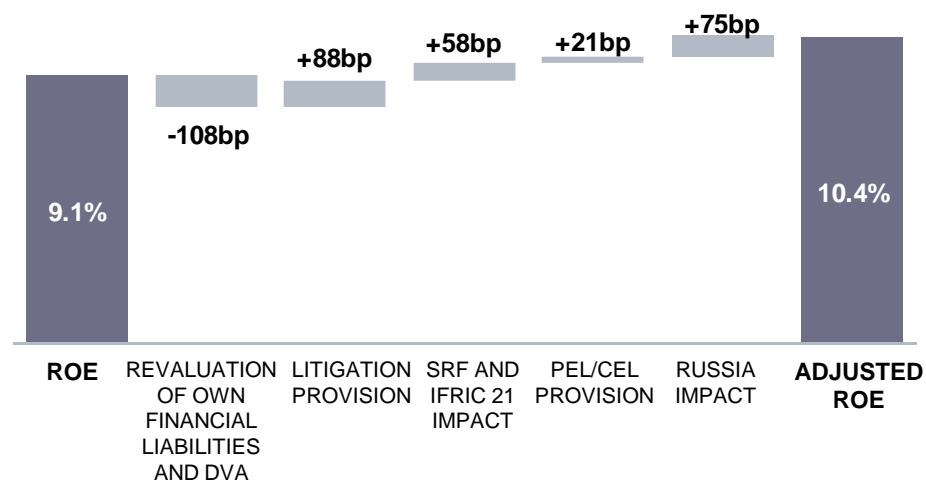
	2013	H1 14	H1 15	2016 targets
RBDF	66bp	54bp	43bp	45-50bp
IBFS	150bp	122bp	106bp	~100bp
GBIS	13bp	15bp	11bp	~25bp
GROUP	75bp	61bp	49bp	55-60bp

(1) Excluding legacy assets up to 2013 and provisions for disputes. Outstandings at beginning of period. Annualised

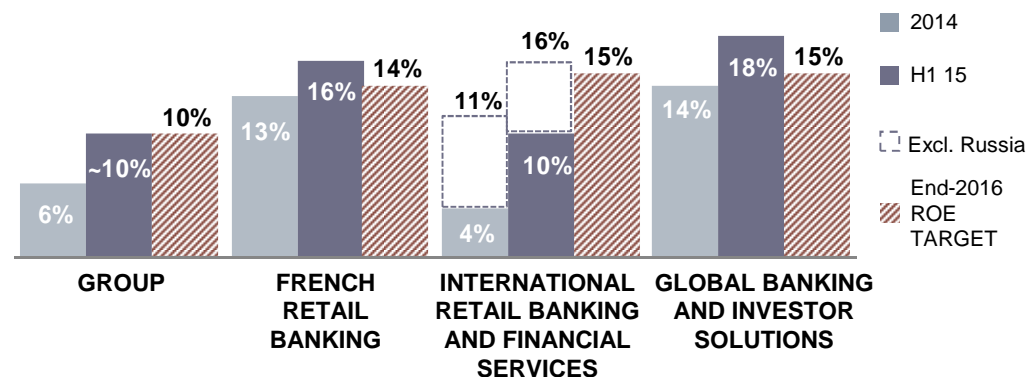
## GETTING CLOSER TO OUR 2016 ROE TARGETS

- Group H1 15 underlying ROE excluding Russia above 2016 target of 10%
- All business lines above or on track to achieve our 2016 targets
- Outperforming businesses
  - French Retail Banking
  - International Retail Banking and Financial Services: Africa, Czech Republic, ALD Automotive and Insurance
  - Global Banking and Investor Solutions

### Underlying H1 15 Group ROE (excluding Russia)

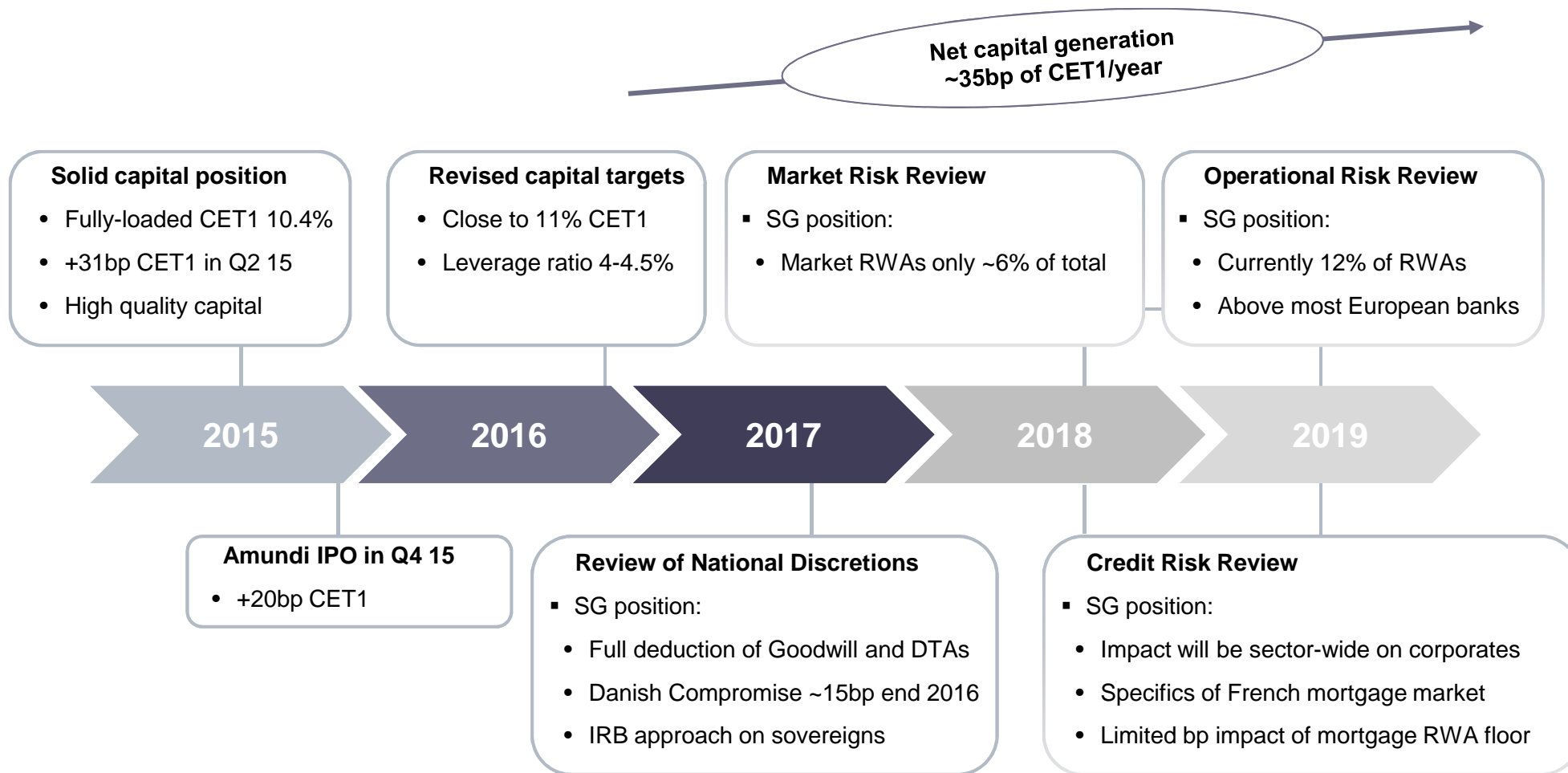


### Group and Businesses ROE<sup>(1)</sup>



(1) Excluding non-economic items (own financial liabilities, DVA) and PEL/CEL provision. Adjusted for collective provision for litigation and IFRIC 21 in H1 15

**CAPACITY TO ACTIVELY MANAGE OUR CAPITAL POSITION**





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GROUP PERFORMANCE

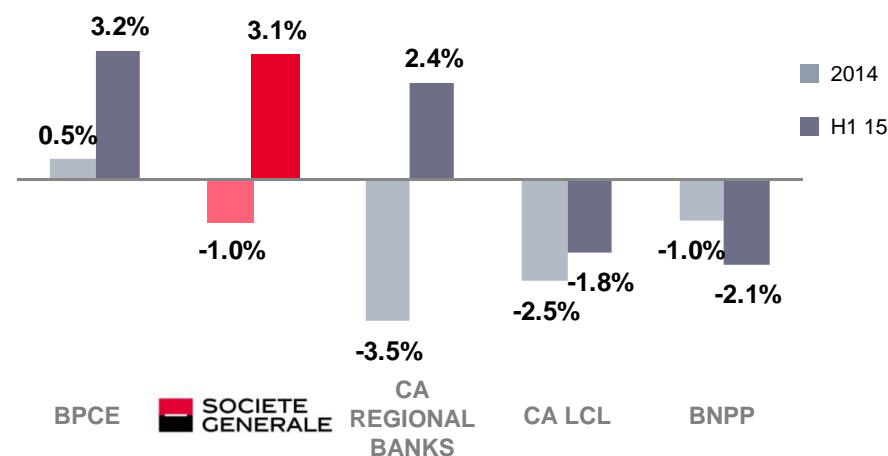
**BUSINESS RESULTS**

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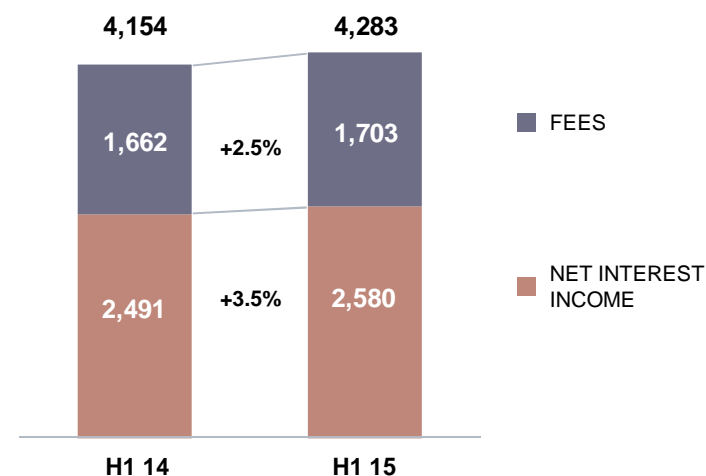
## SOLID REVENUE GROWTH

- Strong revenue trend continues: +3.1%<sup>(1)</sup> vs. H1 14
  - Revenue performance ahead of peers
  - Net interest income up +3.5%<sup>(1)</sup> on strong commercial activity
  - Deposit collection and robust loan margins more than offset impact of lower interest rates
  - Increase in fee income, up +2.5%
  
- Growth initiatives and synergies delivering fee income growth
  - New private banking model AuM +7% in H1 15
  - Gross life insurance inflows +8% vs. H1 14, driven by demand for unit-linked, 22% of gross inflows
  
- Geared to economic recovery

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



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

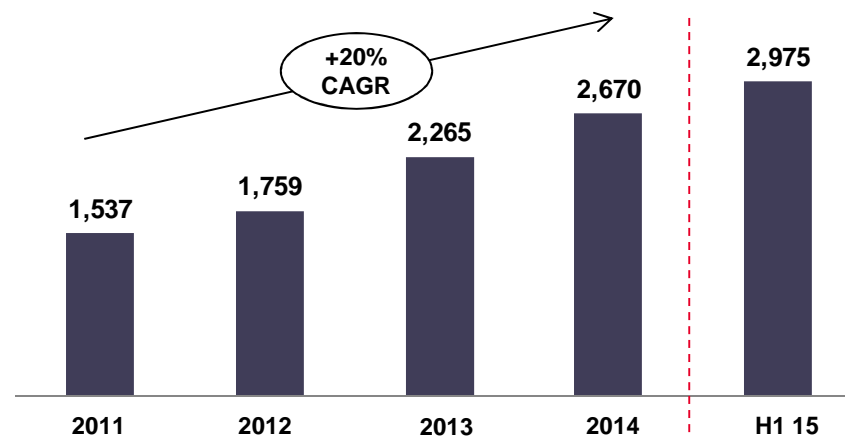


(1) Excluding PEL/CEL provision

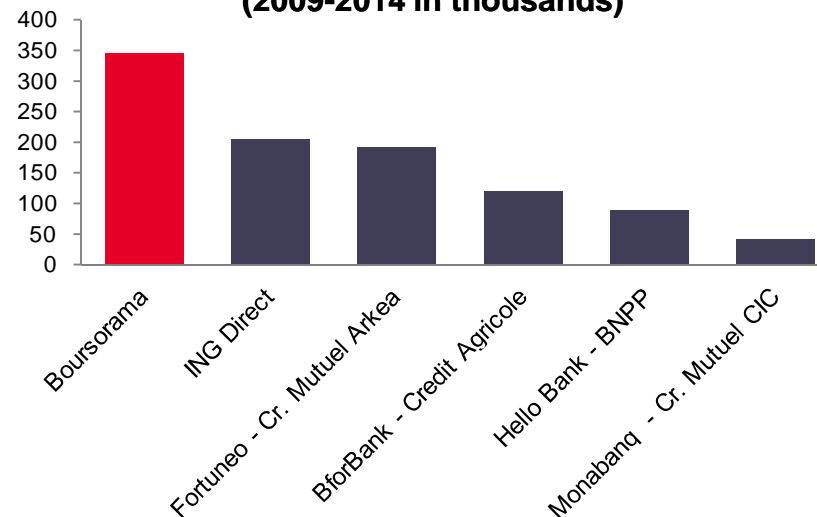
**BOURSORAMA: AMBITION TO REACH 1.5M CUSTOMERS IN 2020**

- Pioneer and leading online bank in France
  - A profitable online bank despite its lowest pricing in the market and major investments to accompany its strong growth
  - First bank to offer home loans with a full online process (since 2010), new production in excess of EUR 1bn in 2015
  - Assets under Management of EUR 9.7bn at H1 15
  - Ranked most recommended retail bank in France (*BCG Brand Advocacy Index, September 2015*)
- Client acquisition well ahead of competition
  - Over 700,000 clients as of September 2015
- Well positioned for the transformation of the banking landscape
  - A comprehensive product offering available from any device
  - Acquisition of the Fintech Fiduceso to increase account aggregation and banking mobility

**Home Loan Outstandings (in EUR m)**



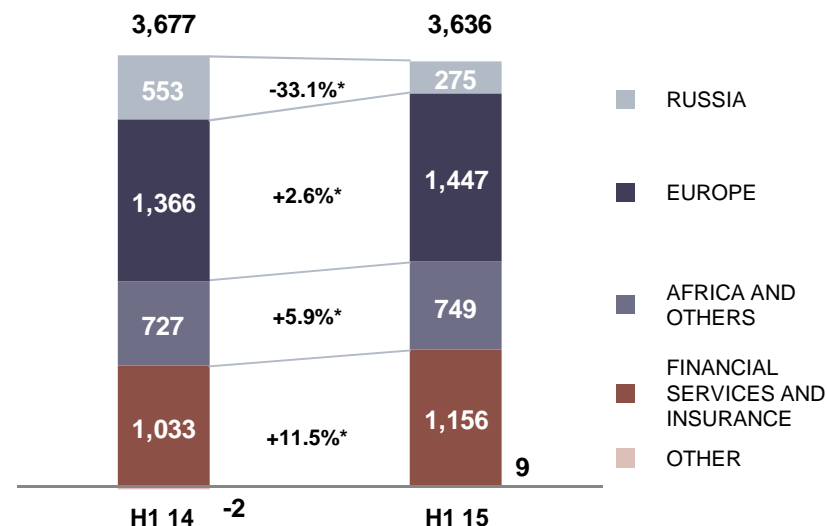
**Number of new clients (2009-2014 in thousands)**



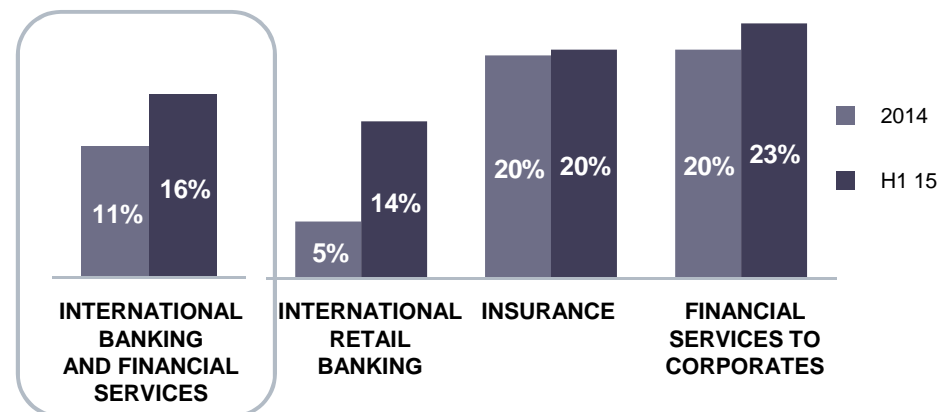
**OVERALL ROBUST PERFORMANCE, ON TRACK TO REACH TARGETS**

- Solid growth in commercial activity
  - Strong deposit collection, +6.2%\* vs. H1 14 particularly in the Balkans and Sub-Saharan Africa
  - Loan growth +1.5%\* vs. H1 14 notably in the Czech Republic (+6.7%\*), Germany (+9.3%\*) and in Sub-Saharan Africa (+16.1%\*)
  - Life insurance high net inflows at EUR 1.5bn in H1 15, ALD Automotive fleet up +6.2%\* H1 14, Equipment Finance growth +7.5%<sup>(1)</sup> in new business
  
- Increasing revenues in all businesses except Russia: +6.8%\* vs. H1 14
  
- ROE<sup>(2)</sup> above 2016 target

**Net Banking Income (in EUR m)**



**ROE by Business<sup>(2)</sup>**

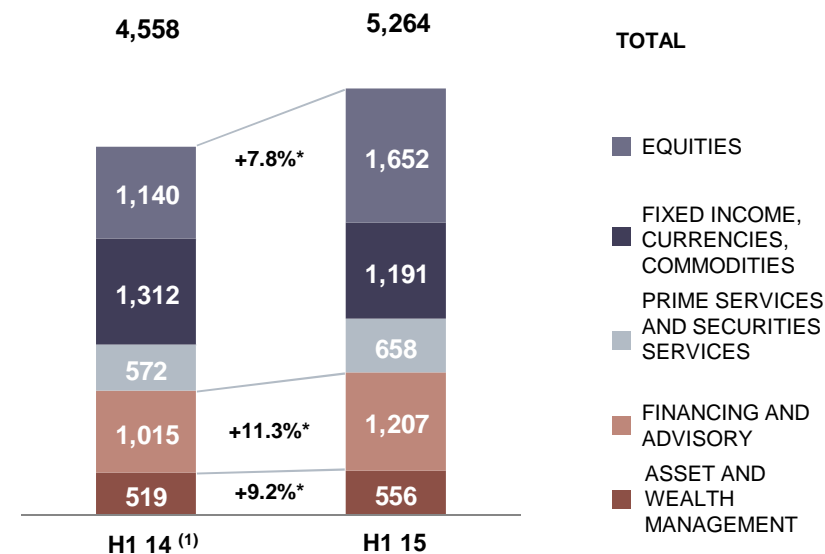


\* When adjusted for changes in Group structure and at constant exchange rates  
 (1) Excluding factoring  
 (2) Excluding International Retail Banking activities in Russia and IFRIC 21 in H1 15

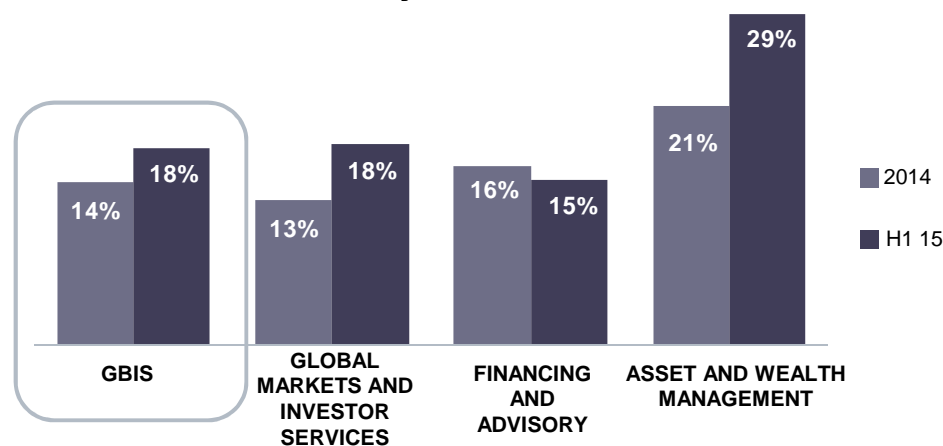
## SUSTAINED COMMERCIAL TREND AND PROFITABLE GROWTH

- Dynamic growth in Global Markets and Investor Services
  - **Equities: +45.0%<sup>(1)</sup>, overall strong performance in H1 14**
  - **FICC: -9.2%<sup>(1)</sup> vs. H1 14 impacted by tensions in the European debt market in Q2**
  - **Robust performance of Prime Services (+32.4%<sup>(1)</sup>) with good client on-boarding**
- Financing and Advisory
  - **Solid revenues and sustained origination volumes up +50% in H1 15**
- Asset and Wealth Management
  - **Dynamic commercial activity with positive net inflows of Private Banking and Lyxor**
- ROE: 16.7% in H1 15 and 17.5% pro forma IFRIC 21

### Net Banking Income (in EUR bn)



### ROE by business<sup>(2)</sup>



\* When adjusted for changes in Group structure and at constant exchange rates  
 (1) Includes 100% of Newedge in Q1 14  
 (2) Excluding non-economic items (DVA) and adjusted for IFRIC 21 in H1 15



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## STRATEGIC MILESTONES REACHED IN ONGOING TRANSFORMATION

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- Robust H1 15 performance
  - **Strong commercial dynamics and solid growth of NBI**
  - **Successful implementation of the cost reduction plan, cost of risk curbed in all businesses**
  - **Underlying ROE above 2016 targets**
  
- Maintaining the pace of transformation
  - **Meeting client needs through innovation**
  - **Deploying our digital expertise across businesses**
  - **Further increasing operational efficiency**
  
- Achieve profitability targets and maintain high shareholder return
  - **Sustainable 10% ROE**
  - **50% dividend payout, paid in cash**
  - **Grow the Group's Net Asset Value from current EUR 59.6 level**



## **INVESTOR RELATIONS TEAM**

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