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# SOCIETE GENERALE

## 21<sup>ST</sup> ANNUAL FINANCIALS CEO CONFERENCE

Séverin Cabannes, Deputy CEO

LONDON, 28/09/2016

# 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.

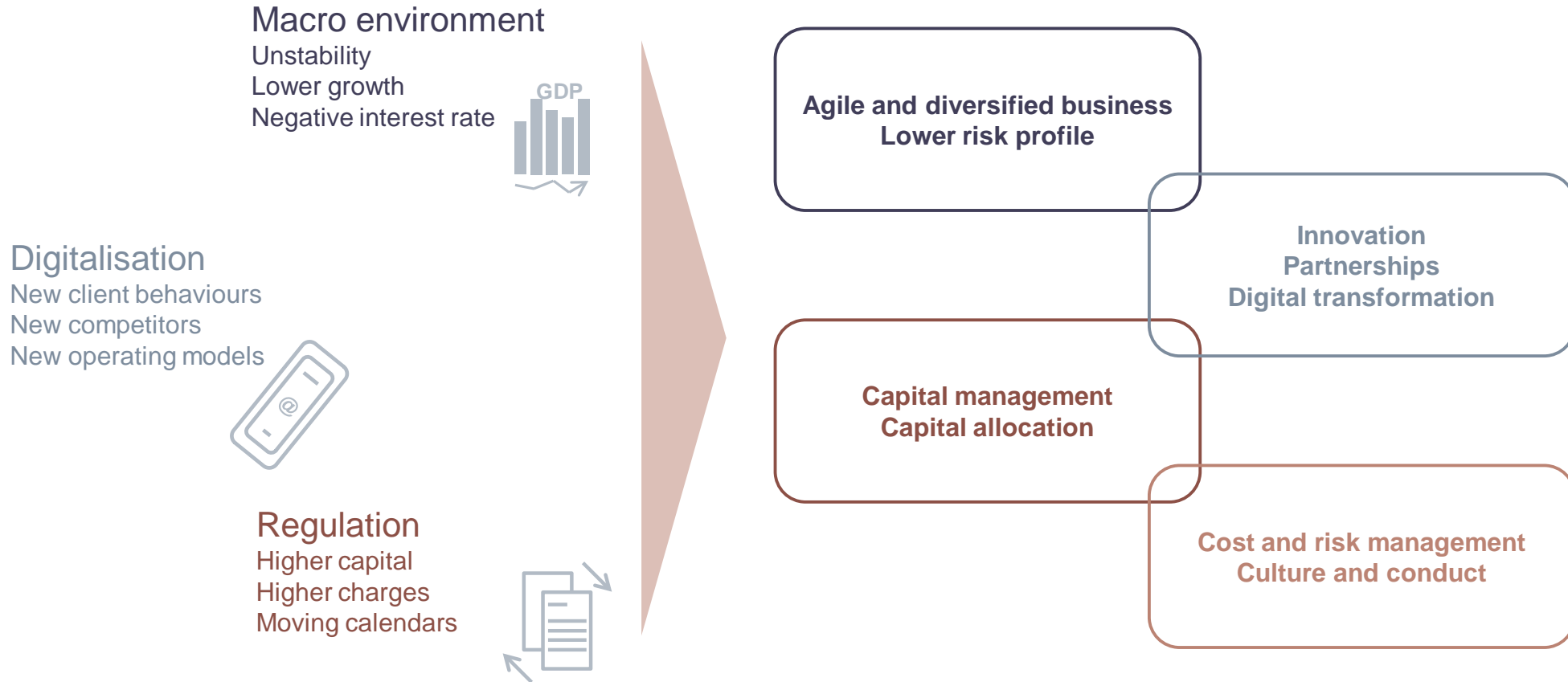
Therefore, although Societe Generale believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, including matters not yet known to it or its management or not currently considered material, and there can be no 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 2016 was reviewed by the Board of Directors on 2nd August 2016 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at this date. Limited review procedures on the condensed interim financial statements for the six month period ending 30 June 2016 have been carried out by the Statutory Auditors.

# ADDRESSING THE KEY BANKING CHALLENGES



**BALANCED AND DIVERSIFIED BANKING MODEL FITTED FOR A FAST CHANGING WORLD**

H1 16 figures

Net Banking  
Income (EUR m)

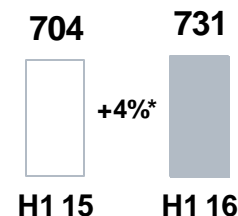
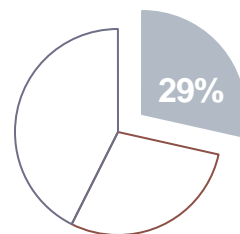
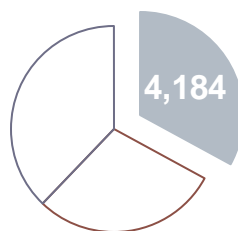
Average Allocated  
Capital  
(% of capital allocated to  
Core Businesses)

Group  
Net Income (EUR m)

Adjusted  
RONE

**FRENCH RETAIL BANKING**

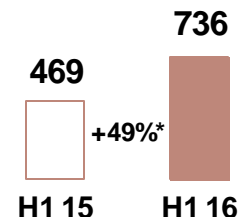
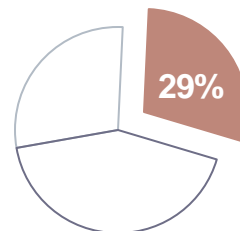
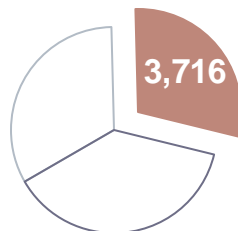
- Three premium complementary brands
- Fast growing leader on-line bank
- Synergies generating fee revenue
- On-going digital transformation



**14.8%**

**INTERNATIONAL RETAIL BANKING  
AND FINANCIAL SERVICES**

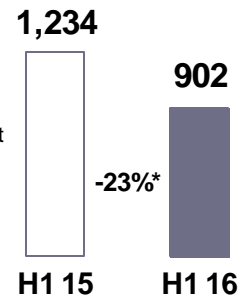
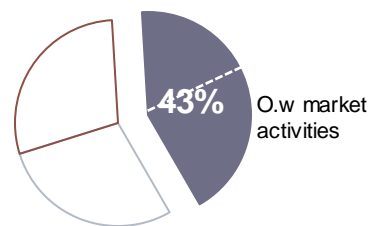
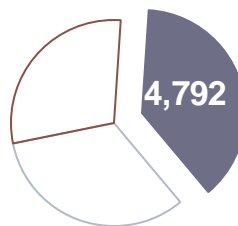
- Rebalanced business portfolio
- Positioned in growing areas outside the Euro-zone
- Dynamic financial services



**14.7%**

**GLOBAL BANKING AND INVESTOR  
SOLUTIONS**

- Multispecialist and well positioned business model
- Operating model transformation to reduce costs



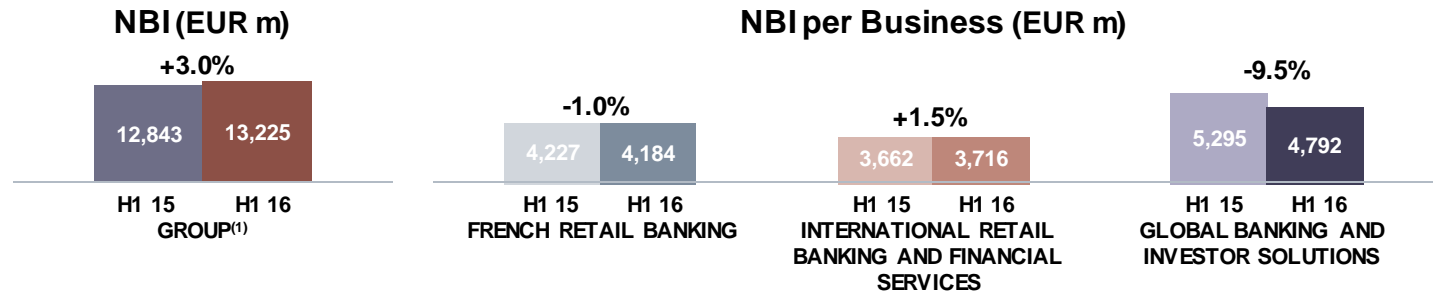
**10.1%**

Note: RONE adjusted for IFRIC 21 and Euribor fine Refund (EUR +218m in Q1 16) for Global Banking and Investor Solutions, and excluding PEL/CEL in French retail Banking

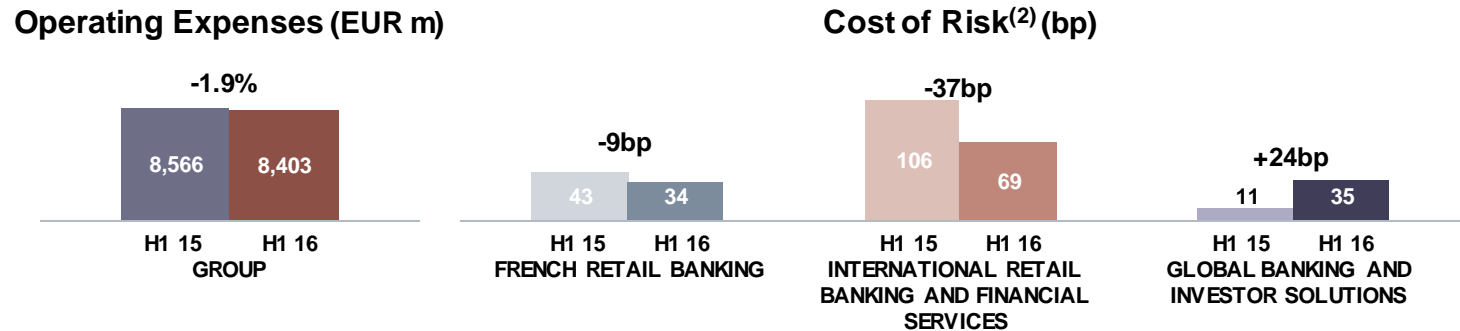
\* When adjusted for changes in Group structure and at constant exchange rates. Definition of RONE in Methodology section of Q2 16 results presentation

**BALANCED AND DIVERSIFIED BANKING MODEL DELIVERING RESILIENT RESULTS**

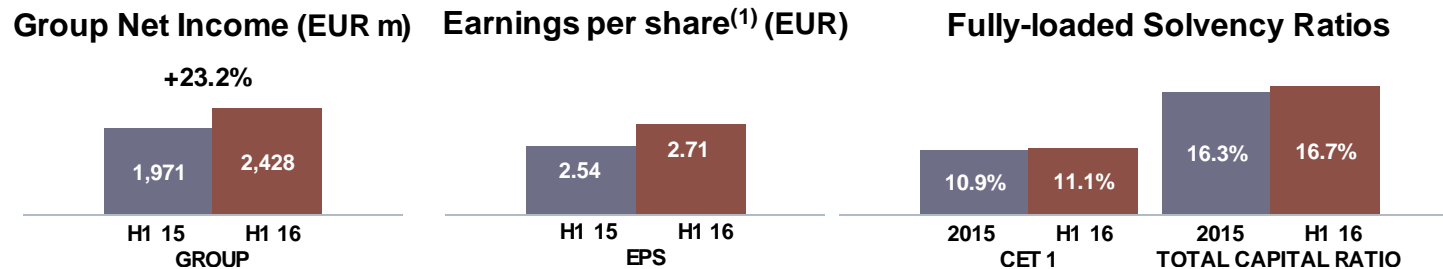
Overall good business dynamics



Strict monitoring of costs and lower cost of risk



Strong capital generation



(1) Excluding revaluation of own financial liabilities and DVA (refer p.34-35 of Q2 16 results presentation)

(2) Excluding provisions for disputes. Outstanding at beginning of period. Annualised

NB. Solvency ratios based on CRR/CRD4 rules integrating the Danish compromise for Insurance. See Methodology section of Q2 16 results presentation

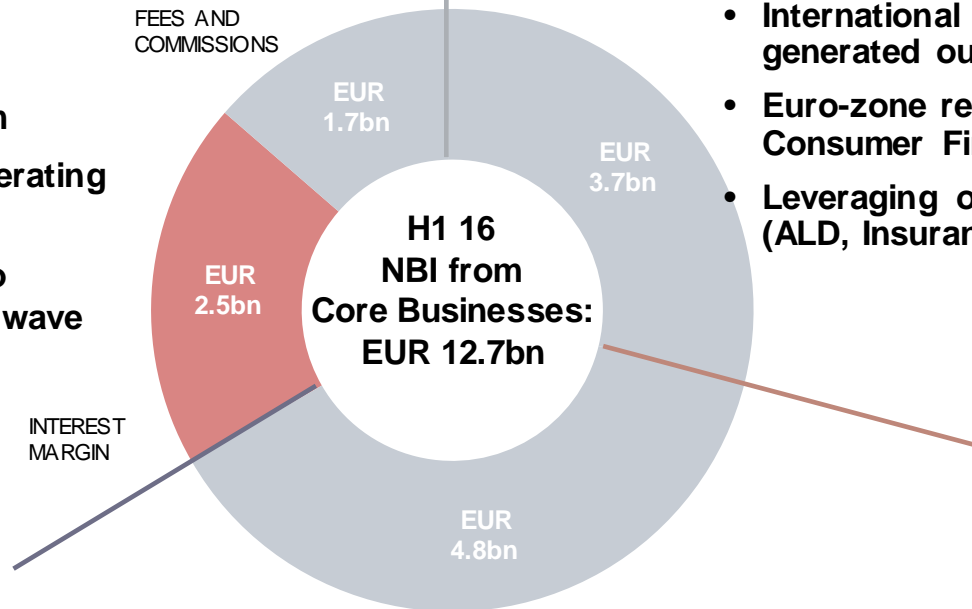
**LIMITED EXPOSURE TO NEGATIVE INTEREST RATE ENVIRONMENT**

**French Retail Banking**  
*Rebalancing revenue structure*

- Ongoing client-centric digital transformation
- Strong commercial dynamism
- Increase in cross-selling generating fee revenues
- Re-priced home loan portfolio further to 2015 renegotiation wave

**International Retail Banking and Financial Services**  
*Exposure to markets outside negative interest rate policies*

- International retail banking: 84% of NBI generated outside the Euro-zone
- Euro-zone retail banking activity mainly in Consumer Finance
- Leveraging on dynamic growth drivers (ALD, Insurance)

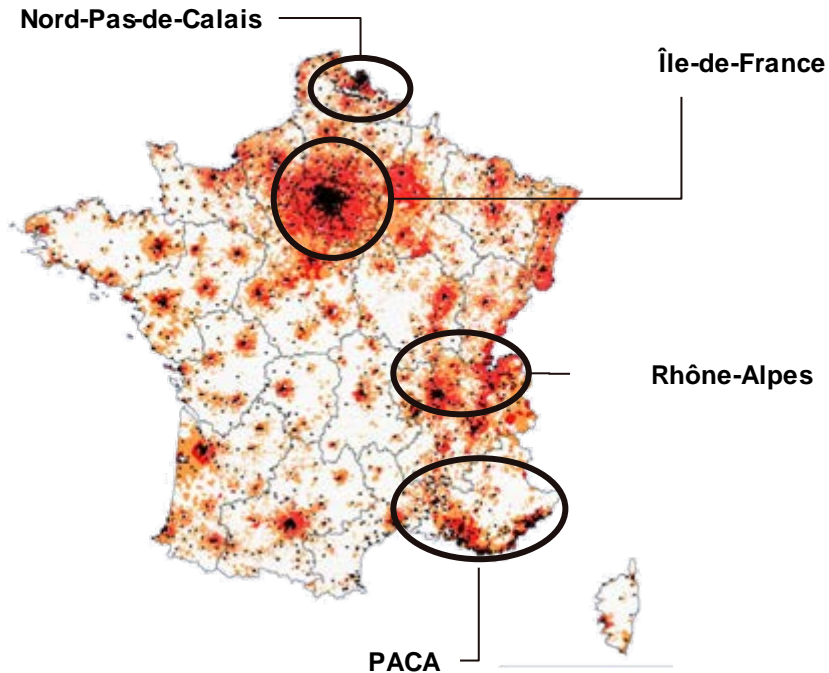


**Global Banking and Investor Solutions**  
*Structurally less sensitive*

- Credit portfolio structurally less sensitive
- Fee and spread businesses
- Global reach with limited impact from zero or negative interest rate policies

COMPONENTS OF NBI MORE DIRECTLY EXPOSED TO NEGATIVE INTEREST RATES

# A UNIQUE COMBINATION OF 3 COMPLEMENTARY BRANDS PROVIDING MARKET SHARE GAINS AND PROFITABILITY



### Average household income

- Higher income (20% of municipalities)
- Middle income (30% of municipalities)
- Lower income (50% of municipalities)

Source: Banque de France – Estimated income from INSEE and DGI (2014 ID presentation)



- High street national brand serving all client segments
- Wide geographical coverage
- Targeting the wealthiest and most dynamic regions



- Regionally anchored network
- All client segments
- Specialised on professionals and SMEs



- Full online banking offer
- Leader on the French market

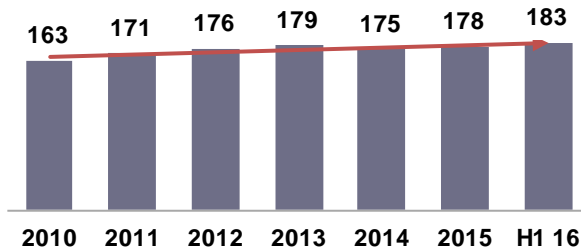
**CAPACITY TO OUTPERFORM IN A MATURE MARKET**

Transforming the model to stay at the forefront of the French market...

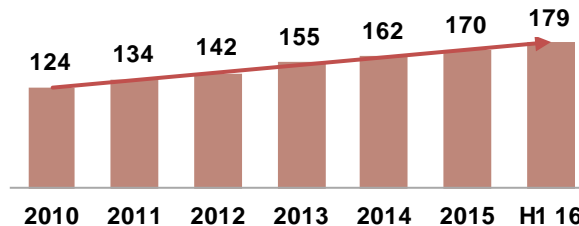
- Rebalancing revenue structure: Increased cross-selling and corporate business generating fees  
French retail Banking synergy revenues up **+14%** in 2015 vs. 2014
- Optimising the operational set-up and capitalising on multi-channel banking service with experts on demand  
Reduction of branches by 20% and operational centres by 30% between 2015 and 2020

... Translating into solid business performance...

Average Loan Outstandings  
(in EUR bn)



Average Deposit Outstandings  
(in EUR bn)



12m clients at end-2015  
**+305,000** net new account openings in 2015, up **+38%** vs.2014

**And solid results**

H1 16 Contribution to Group Net Income: **EUR 731m, +3.8% vs. H1 15**

Adjusted RONE<sup>(1)</sup> at **14.8%**

(1) Adjusted for IFRIC 21 implementation and PEL/CEL provision



**LEVERAGING ON GROWTH AREAS AND SYNERGIES**

International Retail Banking  
Focused on Europe and Africa



Insurance

Operating in synergy with retail banking



13.2 million insurance clients  
Life insurance outstandings: **EUR 96bn**

Financial Services to Corporates  
Serving global clients and partners



Fleet of **1.3** million vehicles

**# 1 in Europe**

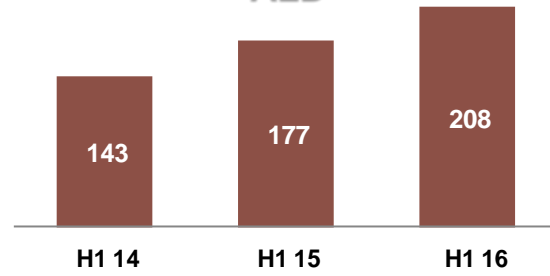


Loan outstandings: **EUR 16bn**  
(Excl. factoring)

**# 1 in the World**

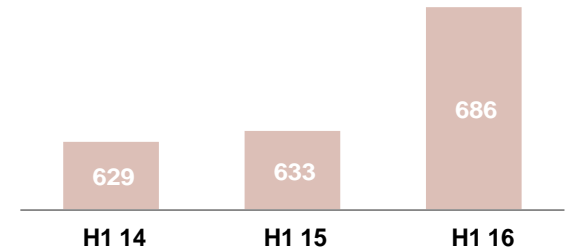
**BUSINESSES WITH HIGH GROWTH POTENTIAL**

**Growing Contribution from ALD**

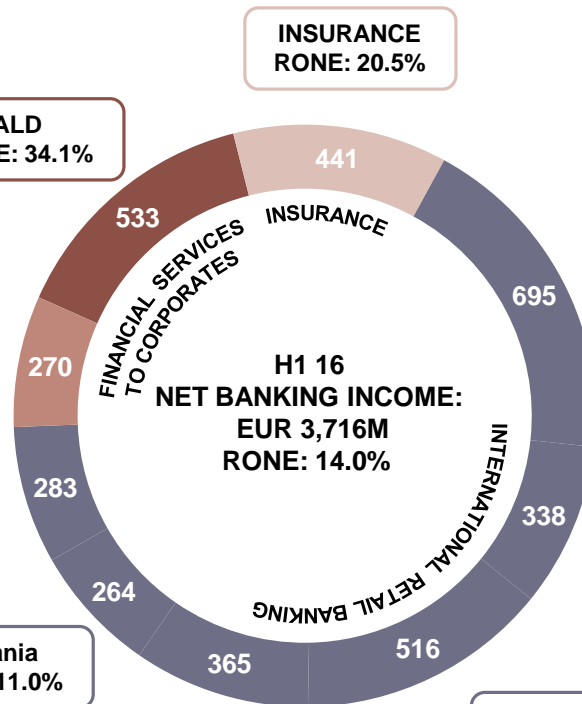


■ CONTRIBUTION TO GROUP NET INCOME (EUR M)

**Rollout of Bankinsurance Model**



■ PROTECTION INSURANCE PREMIUMS (EUR M)

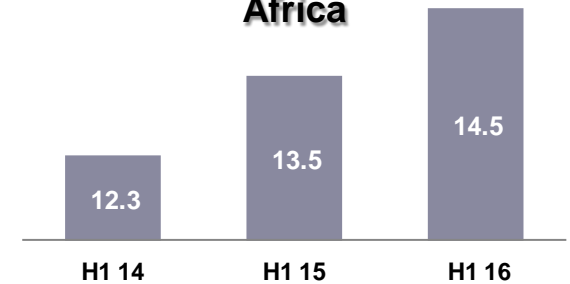


**Ongoing Recovery in Romania**



■ CONTRIBUTION TO GROUP NET INCOME (EUR M)

**Strong Volume Growth in Africa**



■ LOAN OUSTANDINGS (EUR BN)

NB: IBFS Net Banking Income breakdown from Business Lines, excluding "Others"

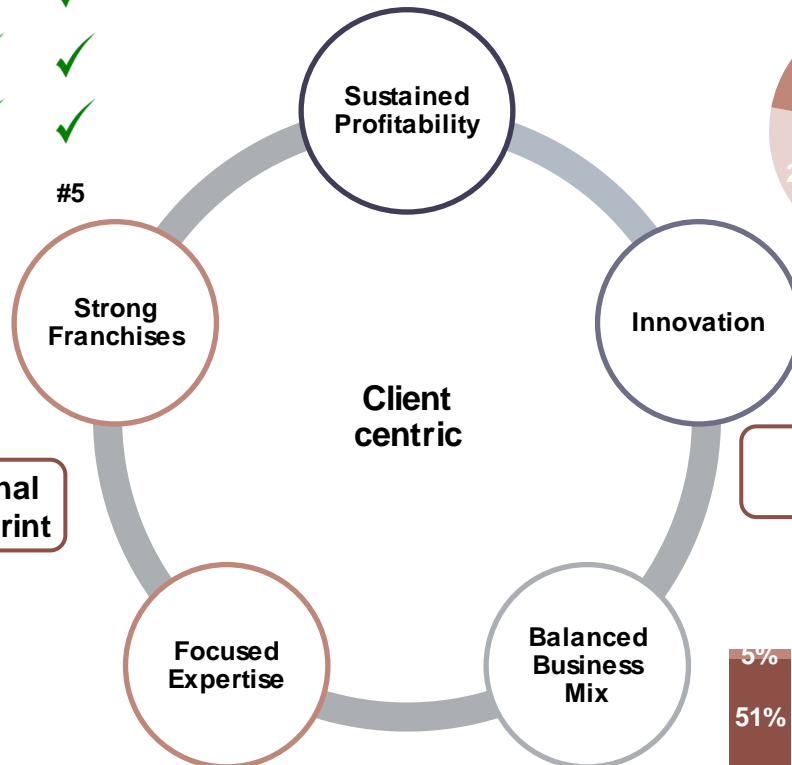
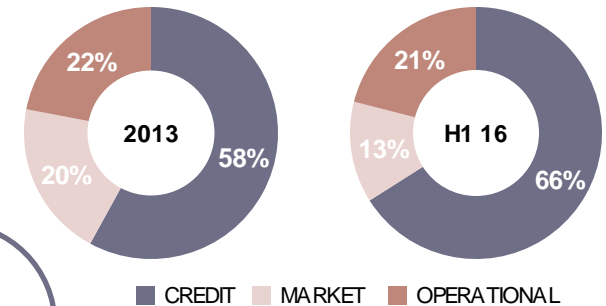
# SUSTAINABLE PROFITABILITY FROM A REBALANCED BUSINESS MIX

## Acknowledged commercial franchises

	2013	2014	2015
Best Export Finance	✓	✓	✓
Energy Finance House of the Year	✓	✓	✓
#1 Equity Derivatives overall	✓	✓	✓
All Euro Bonds	#5	#5	#5

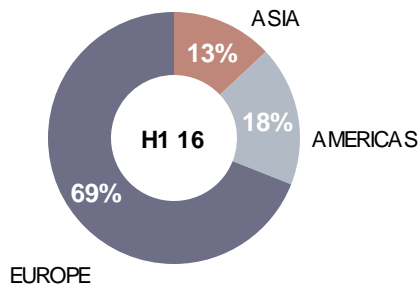
## Rebalanced capital fostering Financing & Advisory growth

Breakdown of Risk Weighted Assets (in %)



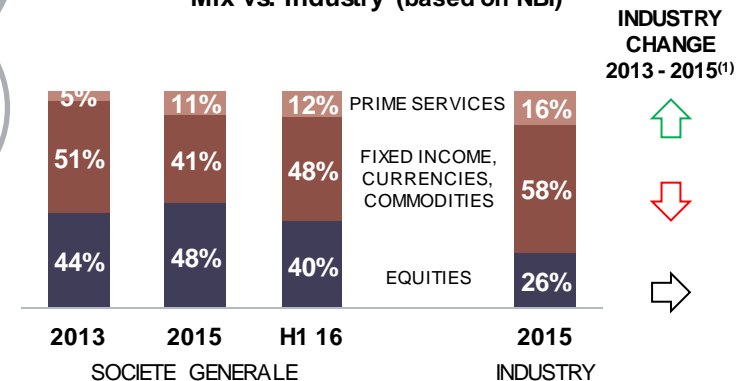
## Balanced profile between international presence and strong European footprint

Breakdown of Revenue by region (% of GBIS revenues)



## Relevant business mix on Global Markets activities

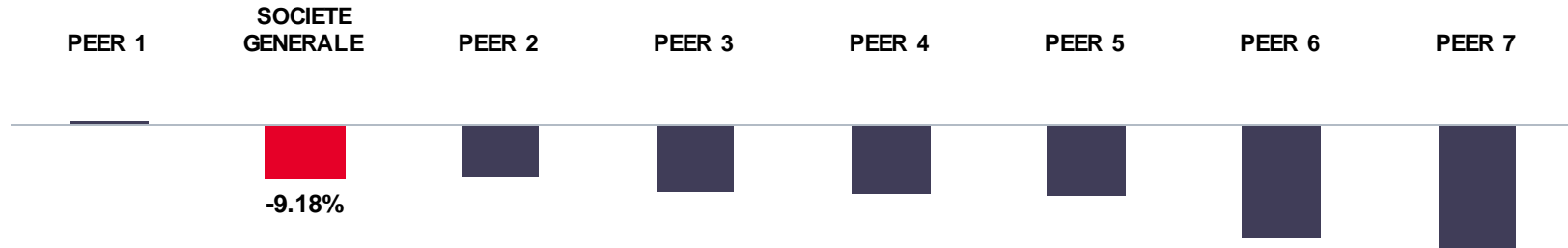
Mix vs. Industry (based on NBI)



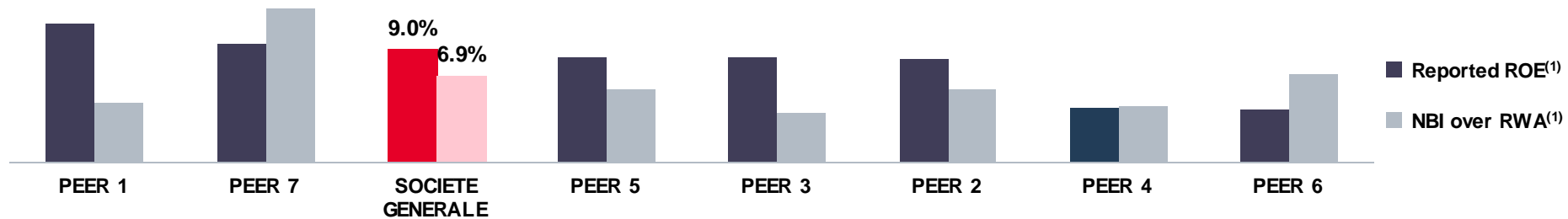
(1) Variation in bps of Coalition Index

**RESILIENT NBI AND IMPROVING MARKET SHARE**

**H1 16 European Banks NBI Change vs. H1 15 – Wholesale banking division**



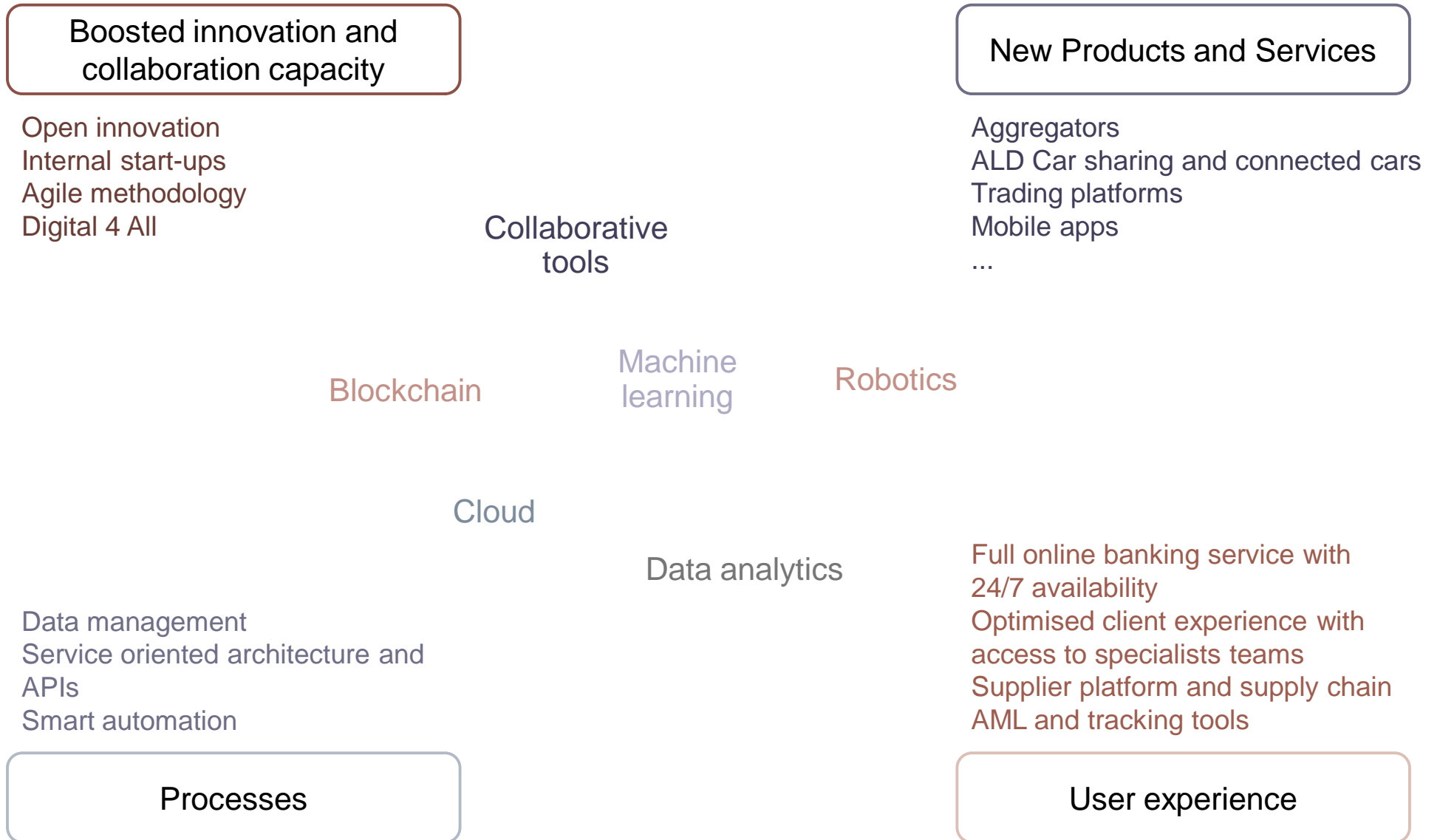
**H1 16 European Banks performance – Wholesale banking division**



Peer group: Barclays, BNP Paribas, Crédit Agricole CIB, Deutsche Bank, Royal Bank of Scotland, Natixis and UBS restricted to similar perimeter

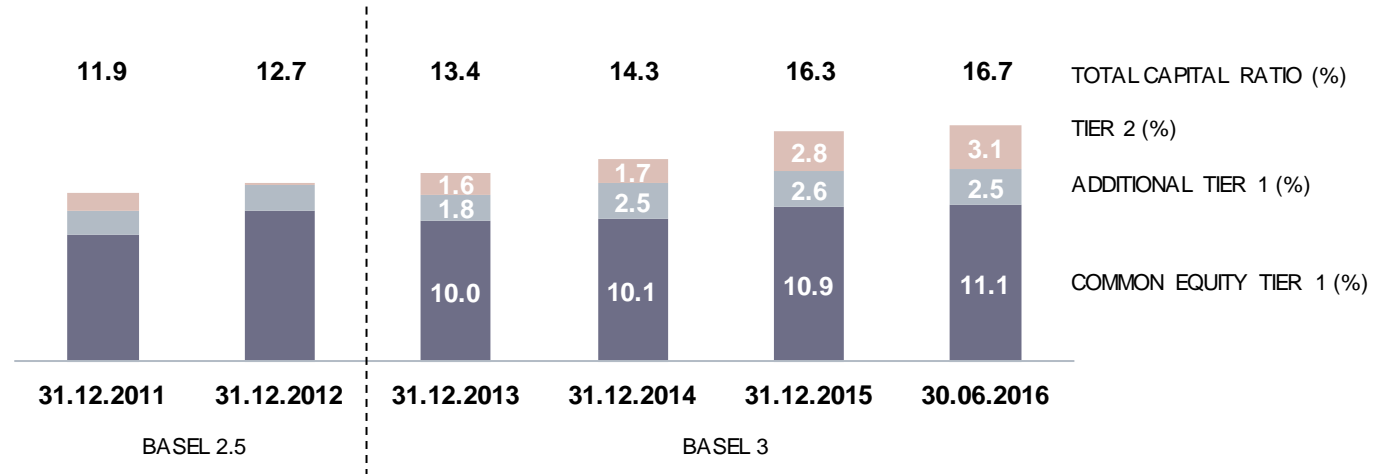
(1) Annualised. Source: Banks Financial Communication. ROE adjusted for taxes proportionally to total NBI for UBS and BNPP, Societe Generale restated for EUR 218m Euribor fine refund

## INNOVATIVE DNA BOOSTED BY NEW TECHNOLOGIES



## CONTINUED CAPITAL GENERATION AND INCREASED DIVIDEND

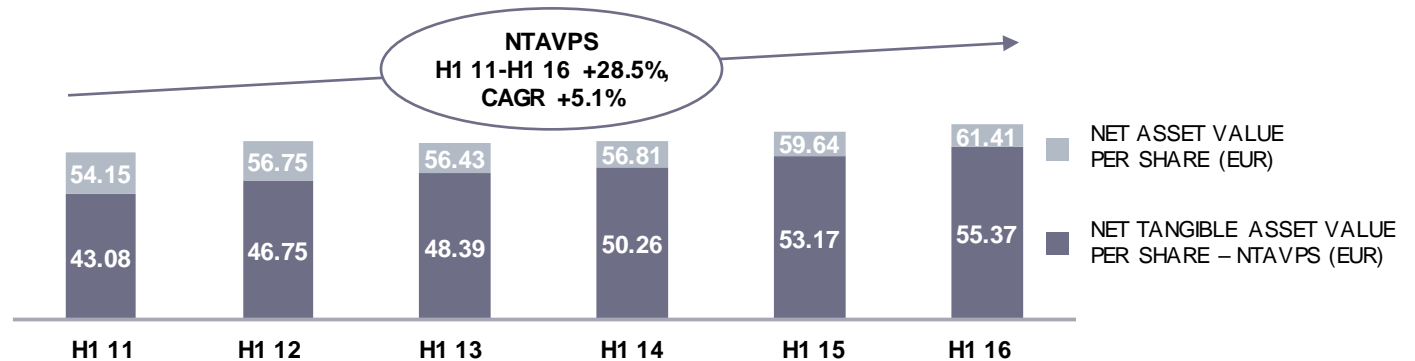
**Solid capital position<sup>(1)</sup>:  
Significant Organic Growth  
over the past 5 years**



**While Ensuring Increase in  
Dividend**

Year	Dividend Served for the FY (EUR)
2011	0
2012	0.45
2013	1.00
2014	1.20
2015	2.00
2016	50% EPS <sup>(2)</sup>

**And Strong Shareholder  
Value Creation**



(1) 2014 and 2015 data under CRR/CRD4 rules; 2013 proforma Basel 3; 2011 and 2012: Basel 2.5

(2) EPS excluding revaluation of own financial liabilities and DVA. 2016 Dividend estimate based on Group distribution policy

## KEEPING OUR EDGE ON CHALLENGES: KEY BUSINESS PRIORITIES

### French Retail Banking

Deep transformation to adapt to new client behaviour and rates environment:  
Maintaining profitability

- ✓ Implement the new relationship and operational model
- ✓ Invest in digital transformation
- ✓ Upgrade revenue mix through higher synergies, fee business and push on corporate segment
- ✓ Maintain high profitability

### International Retail Banking and Financial Services

Business refocusing delivering:  
Growing and improving profitability

- ✓ Focus on efficiency and profitability
- ✓ Active capital re-allocation to support transformation

### Global Banking and Investor Solutions

Agile and focussed platform:  
Increasing profitability through resilient revenues and strict cost management

- ✓ Maintain a strict cost management to compensate for higher regulatory costs
- ✓ Capitalise on multi-zone European operational set up supporting transformed business model
- ✓ Keep an agile management of risks in unstable markets

Selective origination and strong risk management



All out transformation to consolidate the Group's balanced business model



## INVESTOR RELATIONS TEAM

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