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# INVESTORday 2010

## International Retail Banking Top 3 in CEE & Russia

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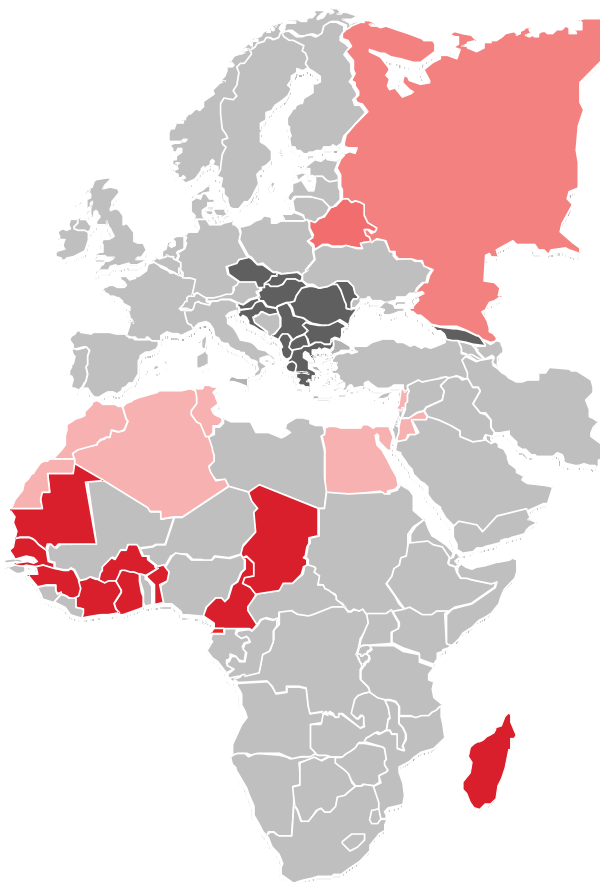
*Head of International Retail Banking*



## Geographic presence focused in CEEMEA

Central and Eastern Europe	
Clients	6.8 million
Outlets	2,070
Market share loans	7.6%
Market share deposits	7.5%
Loans	EUR 33bn
Deposits	EUR 35bn

North Africa	
Clients	1.9 million
Outlets	682
Market share loans	8.1%
Market share deposits	5.6%
Loans	EUR 11bn
Deposits	EUR 12bn



Russia <sup>1</sup>	
Clients	3 million
Outlets	711
Market share loans	2.4%
Market share deposits	3.2%
Loans	EUR 9bn
Deposits	EUR 9bn

<sup>1</sup> Excluding Rusfinance

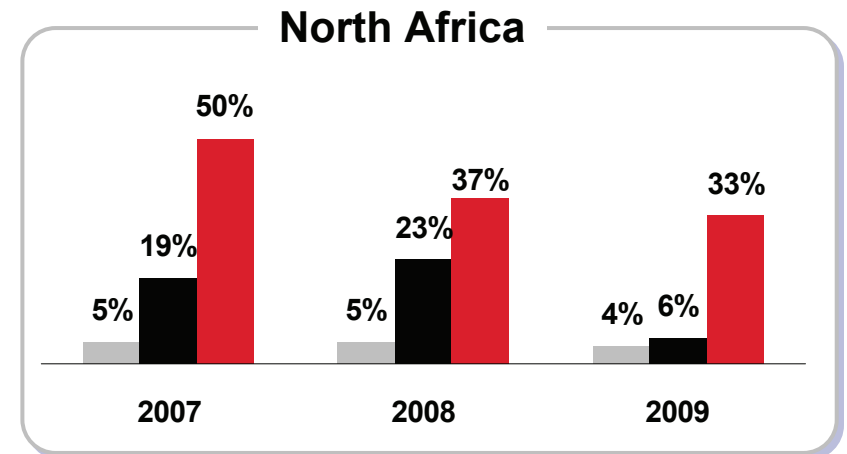
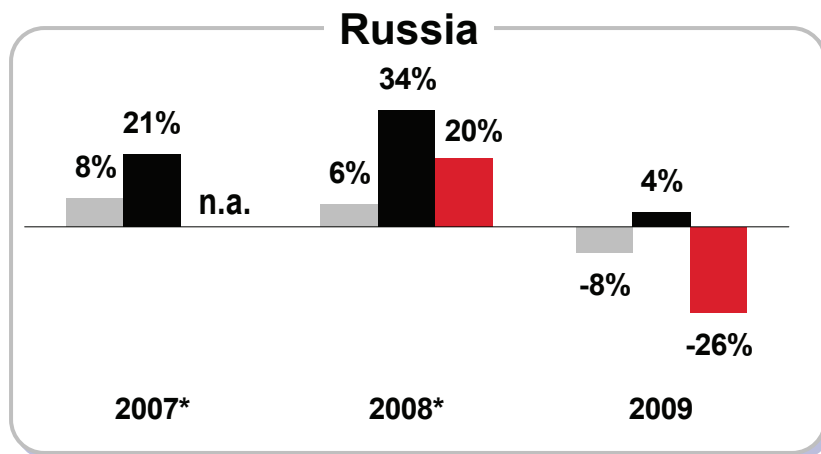
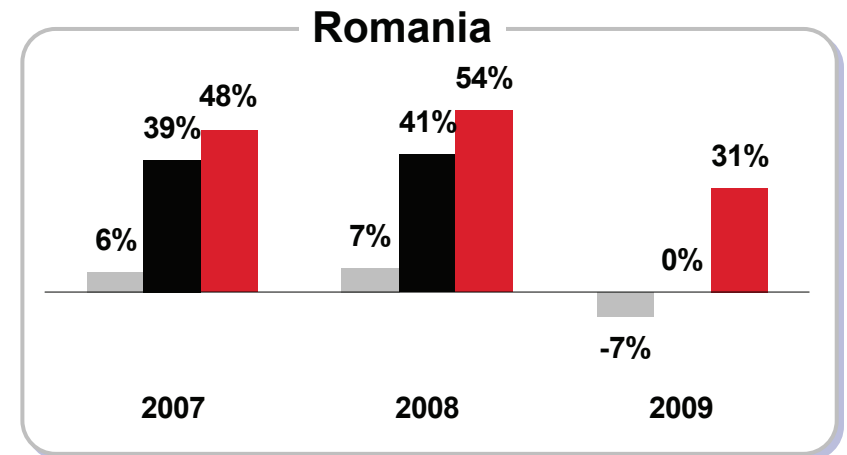
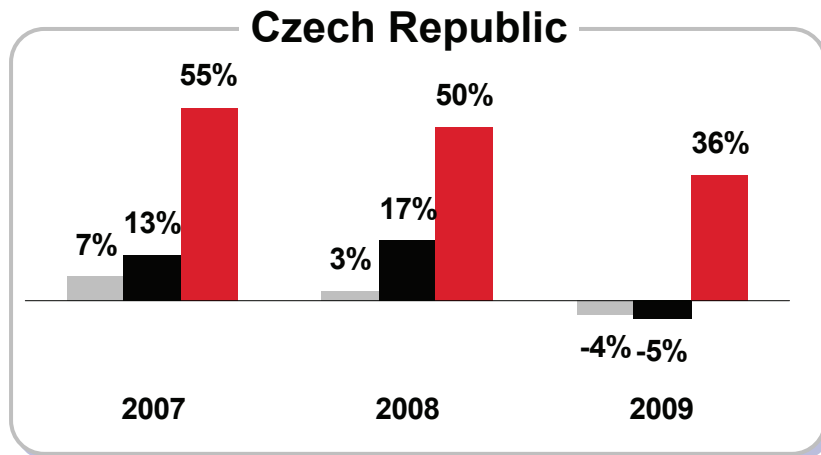
Sub-Saharan Africa and French Overseas territories	
Clients	1.2 million
Outlets	297
Market share loans <sup>2</sup>	19.4%
Market share deposits <sup>2</sup>	22.2%
Loans	EUR 6bn
Deposits	EUR 7bn

<sup>2</sup> Africa only

**61,000 employees serving 13m clients in 41 countries**

2009 data

## Solid banking model resilient to the crisis



■ GDP Growth  
 ■ NBI Growth  
 ■ ROE

\* Excl. non recurring items, 2007 and 2008 growth rates proforma for Rosbank

At constant exchange rates

**Satisfactory earnings generation throughout the crisis**

**2009 ROE: 13%**

## A leading position on markets with a high potential

### Central and Eastern Europe<sup>1</sup>

- ▶ Strong position in the Czech Republic and Romania; broad coverage in the Balkans
- ▶ Presence in countries with solid fundamentals
  - ✓ GDP CAGR: +3-4%\*
  - ✓ Budget deficit: -5%
  - ✓ Public debt / GDP: 40%
- ▶ Loans/GDP: 57% in 2009

<sup>1</sup> Excluding Greece

### North Africa

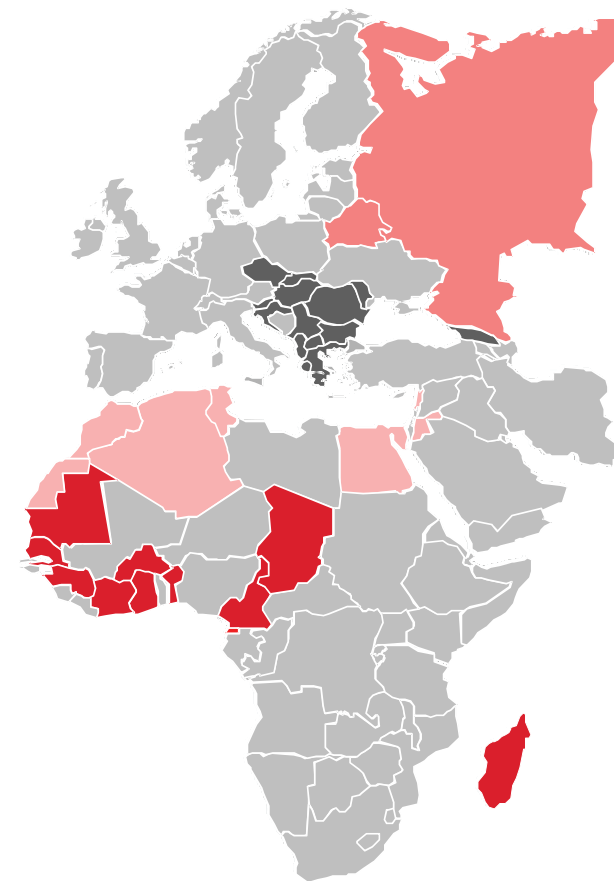
- ▶ Leadership in Egypt and Morocco
- ▶ Region not affected by the crisis
- ▶ Low public debt, positive demographic trends, rising foreign investment
  - ✓ GDP CAGR: +5%\*
- ▶ Loan/GDP: 42% in 2009

### Russia

- ▶ No.1 privately held bank by number of branches and loans
- ▶ Return to a strong growth led by foreign demand in the next 5 years
  - ✓ GDP CAGR: +4%\*
  - ✓ Budget deficit: -8%
  - ✓ Public debt / GDP: 6%
- ▶ Loans/GDP: 41% in 2009

### Sub-Saharan Africa

- ▶ Historical market presence in 11 significant countries with leadership positions
- ▶ Strong resilience to the crisis
- ▶ Growth driven by commodity prices
  - ✓ GDP CAGR: +5%\*
- ▶ Loans/GDP: 15%



\* CAGR 2009-2015

## International Retail Banking: a growth driver for the Group

- 1 Create a leading player in Russia**
- 2 Intensify client relationships in the most mature entities**
- 3 Accelerate growth in areas with potential for higher banking penetration and seize external growth opportunities**
- 4 Deliver growth through innovation**
- 5 Improve operational efficiency**

## Russia: No. 1 privately owned bank

### Banking market with strong potential

- 141m inhabitants
- A market of 16 million 'premium' clients
- Loans: +13%\*/year
- Deposits: +16%\*/year
- Loans/GDP: 41%

\* CAGR 2009-2015

- ➔ Large
- ➔ Rich
- ➔ Dynamic



### SG Russia today including Rusfinance

- 4 banks
- Outlets: 785
- Individuals clients: 4.7m
- Loans: EUR 11bn
- Mkt sh. loans: 2.9%
- 30,000 employees
- POS: 8,000
- Corporate clients: 60,000
- Deposits: EUR 9bn
- Mkt sh. deposits: 3.2%

## Transformation and Consolidation Program: the direct way for success

- ✓ **An experienced management team**
- ✓ **16 streams + a full dedicated support team of 40 people**
- ✓ **Support from the SG group (HR, Finance, Risk...)**



### **SG Russia Road Map**

- ➔ Finalise the merger of Rosbank and BSGV
- ➔ Unify support functions
- ➔ Implement cooperation between universal banks and specialised entities (Rusfinance & Delta Credit)
- ➔ Prepare the evolution of Information Systems in the frame of Group projects

### **Ambition SG 2015: Targeted approach by product range**

- **+300 branches**
- **More than 7m individual clients**
  - ▶ *of which 800,000 premium*
- **More than 100,000 corporate clients**
- **Commercial targets**
  - ▶ *Housing loan market share: ≈10%*
  - ▶ *Car loan market share: ≈12%*
- **Increased cross selling**

## Individual clients: 3 acquisition channels



### Housing loans

- Recognised mortgage lending leader
- Platform for SG services in Russia



### 1 universal bank, 2 networks

Rosbank

BSGV

1,000 branches in 2015

- Roll-out of an SG universal bank on the KB and BRD models
- Premium offering concentrated in large urban areas



Rosbank branch

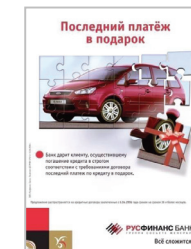


BSGV branch



### Consumer finance

- Car loans: gain clients (120,000 through cross-selling per year), raise customer loyalty
- Top 2 in Car finance

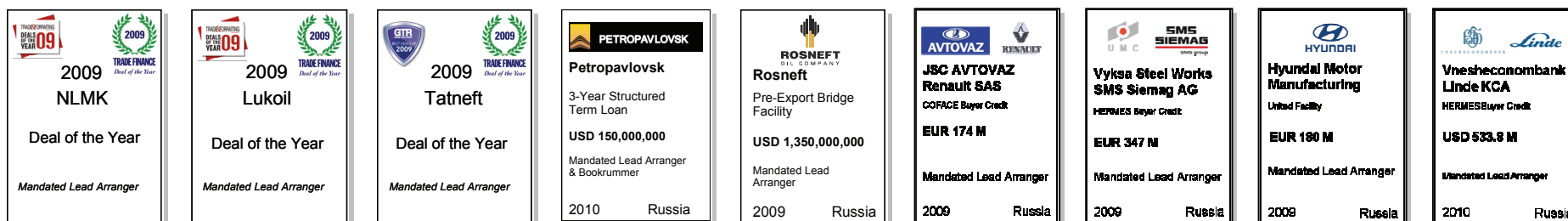


Shared base of support functions (IT, back office, risks, HR and finance)



## Corporate clients: a global approach

- **Solid base of multinational and top corporate clients in natural resources and export finance**
- **Boost sales organisation and product offering**
  - ▶ Merge corporate banking teams
  - ▶ Merge the 3 leasing companies and develop factoring
- **JV with SGCIB to develop a major player in capital market and investment banking activities**
  - ▶ Create a forex/interest rate derivatives platform
  - ▶ Increase debt capital markets and syndication capabilities
  - ▶ Increase the portfolio and size of other investment banking activities (brokerage, structured finance and advisory)



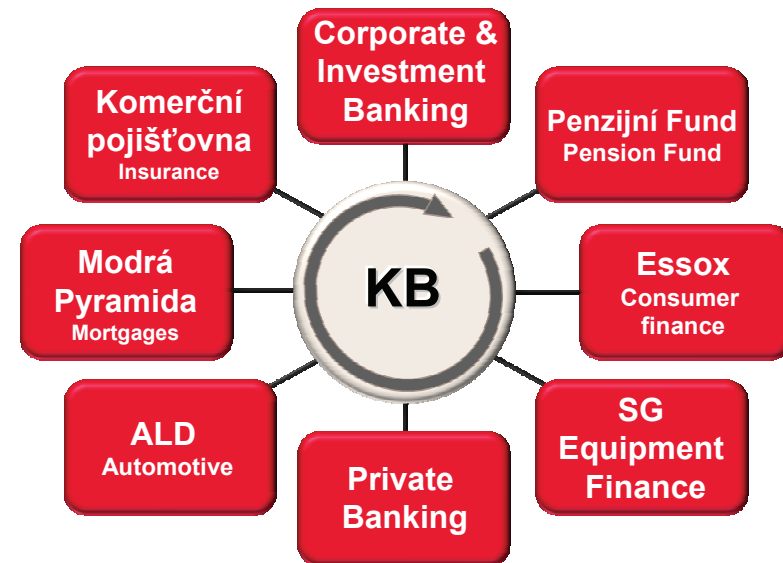
## KB: a success story in a mature market

### No. 3 in Czech Republic

- **A modern bank in a concentrated market with customers having several banking accounts**
  - ▶ KB, CSOB, CS: 10m clients equivalent to the total inhabitants
- **High market share**
  - ▶ Deposits: 20%\*
  - ▶ Loans: 18%\*
- **A robust financial position**
  - ▶ High performance (ROE: 36%\*)
  - ▶ Low cost income ratio (49%\*)

### A recognised brand

- **Leader on the corporate market**
- **Leader in the affluent segment**
- **A wide product range**



\* 2009 data

## KB: still room for development and improvement

### Sales strategy

#### ■ Individuals:

- ▶ Boost cross-selling (e.g. 25% of Modrá Pyramida's 800,000 clients are clients of KB)
- ▶ Increase customer loyalty
- ▶ Maintain top position in the affluent segment
- ▶ Optimise the multi-channel product offering

#### ■ Corporates:

- ▶ Retain #1 position
- ▶ Keep on developing intra-Group synergies
- ▶ Selectively reinforce loan range
- ▶ Reinforce sales of products and services tailored for the large corporate market

### Operational efficiency

#### ■ Migrate information systems on the Group's solutions:

- ▶ Core banking system
- ▶ Distribution layer
- ▶ Credit factory
- ▶ Card processing platform

#### ■ Continue process optimisation through focused initiatives

- ▶ Increased efficiency of back offices through automation
- ▶ Restructuring of KB head office real estate portfolio
- ▶ Extend best practices on credit recovery

### Ambition SG 2015:

Leading bank in the Czech Republic  
Loan market share: +2 to 3 pts

## BRD: optimise the franchise through an innovative strategy

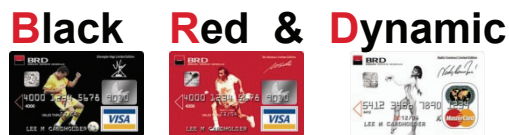
### No. 1 network in Romania

- **930 branches**
  - ▶ including 754 local simple and user-friendly branches
  - ▶ including 4 top affluent branches
- **Good level of industrialisation**
- ➔ **Low cost/income ratio**



### An innovative approach

- **Sports-themed bank card campaign**



- ➔ **500,000 cards distributed in 2009**

- **“Robot” ATMs**



### Sales strategy

- **Ramping up sales efforts**
  - ▶ Broaden product offering
  - ▶ Increase cross-selling (consumer finance, insurance)
  - ▶ Optimise remote banking tools

### Resource pooling

- **Pool IT resources within the frame of Group projects**
- **Build shared services centres for leasing and on-line banking**
- **Finalise ‘regionalisation’ of back offices**

**Ambition SG 2015:**  
No.1 Romanian Bank  
1,000 branches, over 3m clients  
Loans & Deposits market share: ≈ +2 pts

## South East Europe: develop market share and optimise costs

### Comprehensive coverage

■ **9 countries**

- ▶ ≈ 600 branches
- ▶ 1.7 million individual clients

■ **Resilience to the crisis:  
ROE 10.4% in 2009**



### Sales strategy

■ **Individual clients**

- ▶ Increase the number of branches (≈180)
- ▶ Modernise on-line and mobile banking tools

■ **Corporate clients**

- ▶ Keep on developing synergies (Corporate & Investment Banking) and expand commercial synergies between banks in the region
- ▶ Further develop the corporate client and SME product range

### Resource pooling

- **Centralise IT**
- **Centralise back offices**

**Ambition SG 2015:**  
Market share above 7%  
+1 million individual clients

## Greece: a concern but a manageable situation

### A difficult situation in 2009

- C/I: 88 %
- Cost of risk: EUR 141m
- Contribution to Group result: EUR -51m

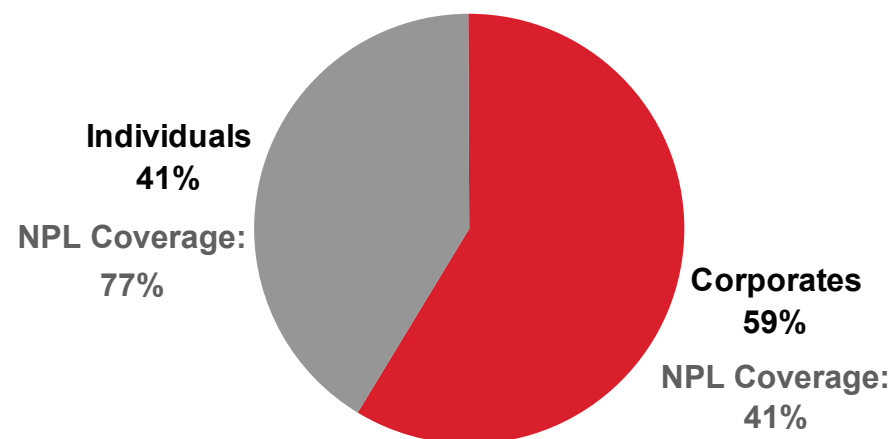
### ...worsening in Q1 10 due to the crisis ...

- C/I: 98%
- Cost of risk: EUR 149m
- Contribution to Group result: EUR -65m

### ...but manageable & with limited impact

- 1.3% of Group RWAs
- EUR -65m Greece Q1 contribution vs. EUR 1.1bn Group net profit
- EUR 340m capital increase before end 2010 to meet local regulatory ratios constraints

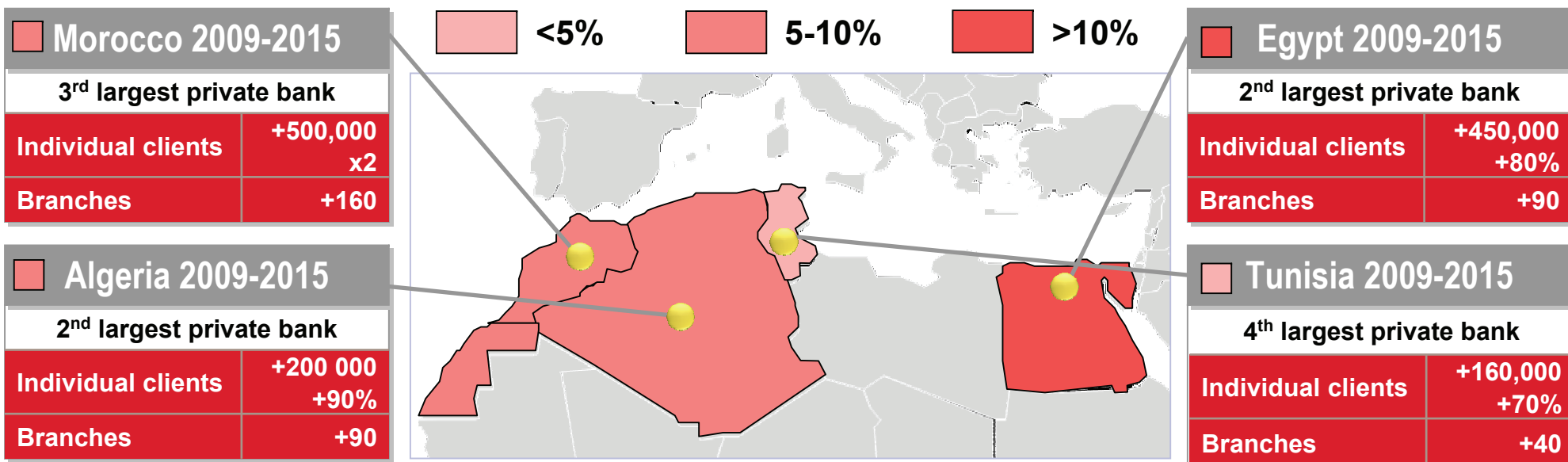
### Net client loans of Geniki as of end March 2010



**EUR 3.8 billion**

## North Africa: a dedicated commercial effort

Cumulated population growth 2010-2015



### A sizeable market...

- 160 m inhabitants
- Low banking penetration (42%)

### ...with momentum

- GDP CAGR: +4.6%\*
- Loans CAGR: +11.6%\*

\* CAGR 2009-2015

**Ambition SG 2015:**  
 ≈ +380 branches (+60%)  
 +1.3m individual customers (x2 in 5 years)  
 #1 privately held bank in the region

## Sub-Saharan Africa: innovate within SG's historical leading franchises

### A leading presence

■ **Senegal - SGBS**

- ▶ #1 in loans
- ▶ #2 in deposits

■ **Cameroon - SGBC**

- ▶ #2 in loans
- ▶ #2 in deposits

■ **Côte d'Ivoire - SGBCI**

- ▶ #1 in loans
- ▶ #1 in deposits

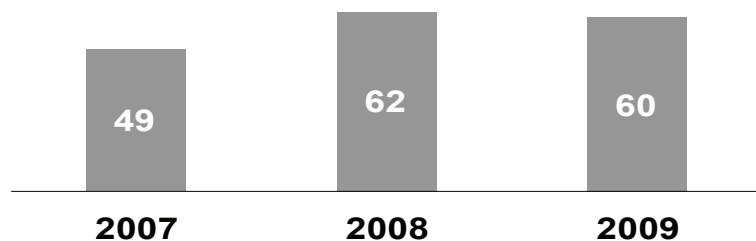


*Douala Head Office, Cameroon*

### Solid financial base

■ **Profitability maintained despite crisis**

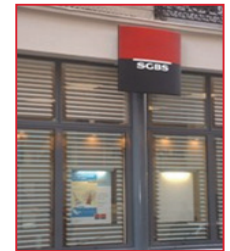
Net income group share in EUR m



### Sales strategy

■ **Individual clients**

- ▶ Keep on developing an innovating offering (mobile banking)
- ▶ Selectively expand the branch network
- ▶ Develop synergies with French networks for migrant customers



*SG branch in Paris correspondent for SGBS*

■ **Corporate clients**

- ▶ Broaden the customer portfolio to public companies and Anglo-Saxon and Chinese groups
- ▶ SMEs: agreement reached with AFD for financing SMEs



### Innovation

- **Product offering for migrant populations**
- **Resource pooling**
- **Remote banking**

### Ambition SG 2015:

+400,000 clients  
+ 100 branches



## Develop new market segments with new concepts...

### Key points

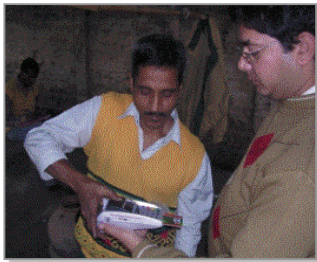
- Reach unbanked clients ready for basic banking services
- Offer adapted and simplified products and services
- Build an innovative distribution network to reach these customers
- Develop a specific cost structure



### One pilot per region

- North Africa
- Sub-Saharan Africa
- Eastern Europe

## ... with simple distribution channels



**Direct sales agents**



*Branch in Ghana*

**Cash Point**



**Mobile Banking**

## Mobile banking: a laboratory for innovative solutions

### Key points

- Introducing a new payment approval network
- Winning clients
- Simplified banking services
- Synergies with the new banking concept

### Services

#### Transferring money between individuals

domestic	✓
international	<i>in the future</i>



#### In-store payment of invoices, goods and services

invoices	✓
goods/services	<i>in the future</i>

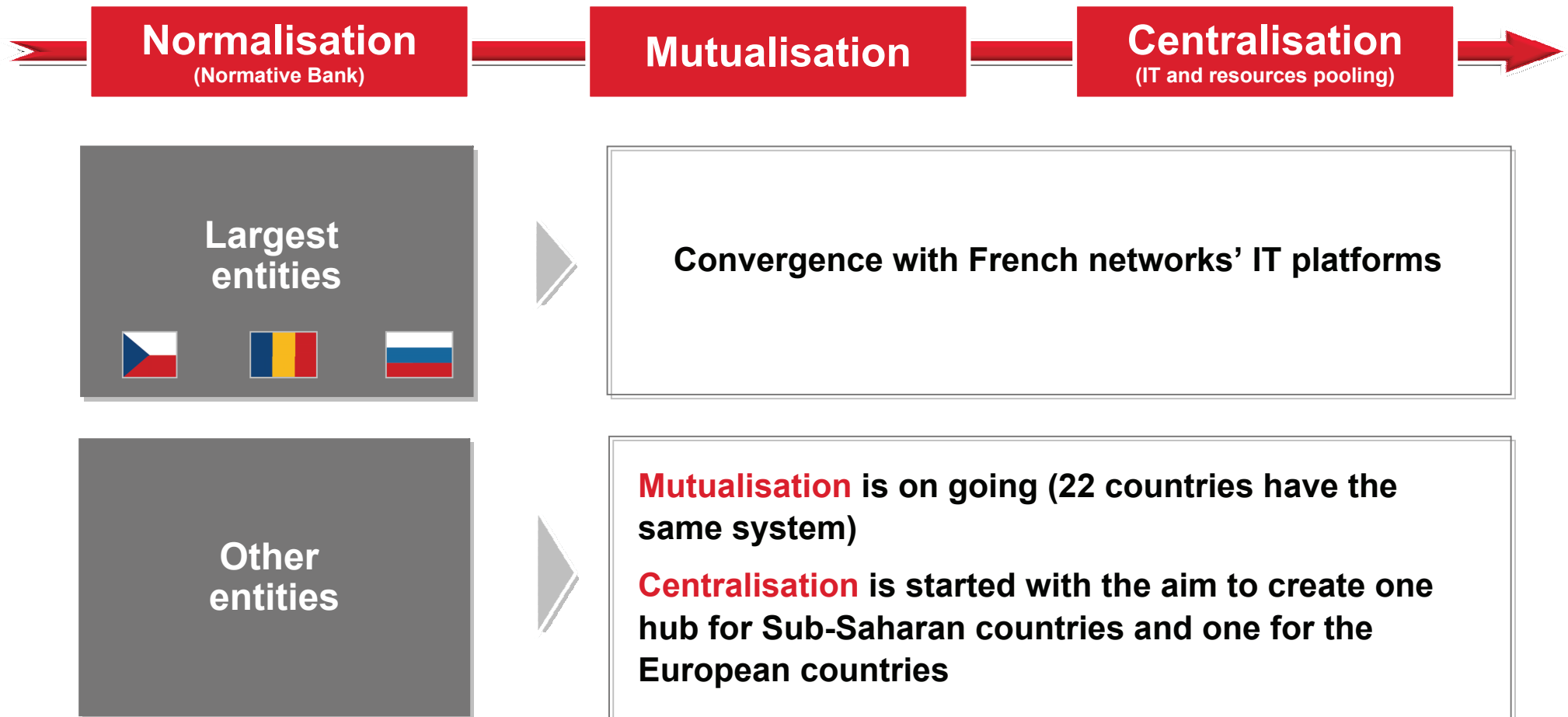
### Local initiatives

- Côte d'Ivoire (SGBCI): service launched end-2009
- Madagascar (BFV-SG): launching in the coming weeks

### Global solutions

- Initiatives combined within a global project
- Commercial launch of the pilot in Senegal scheduled in the coming weeks

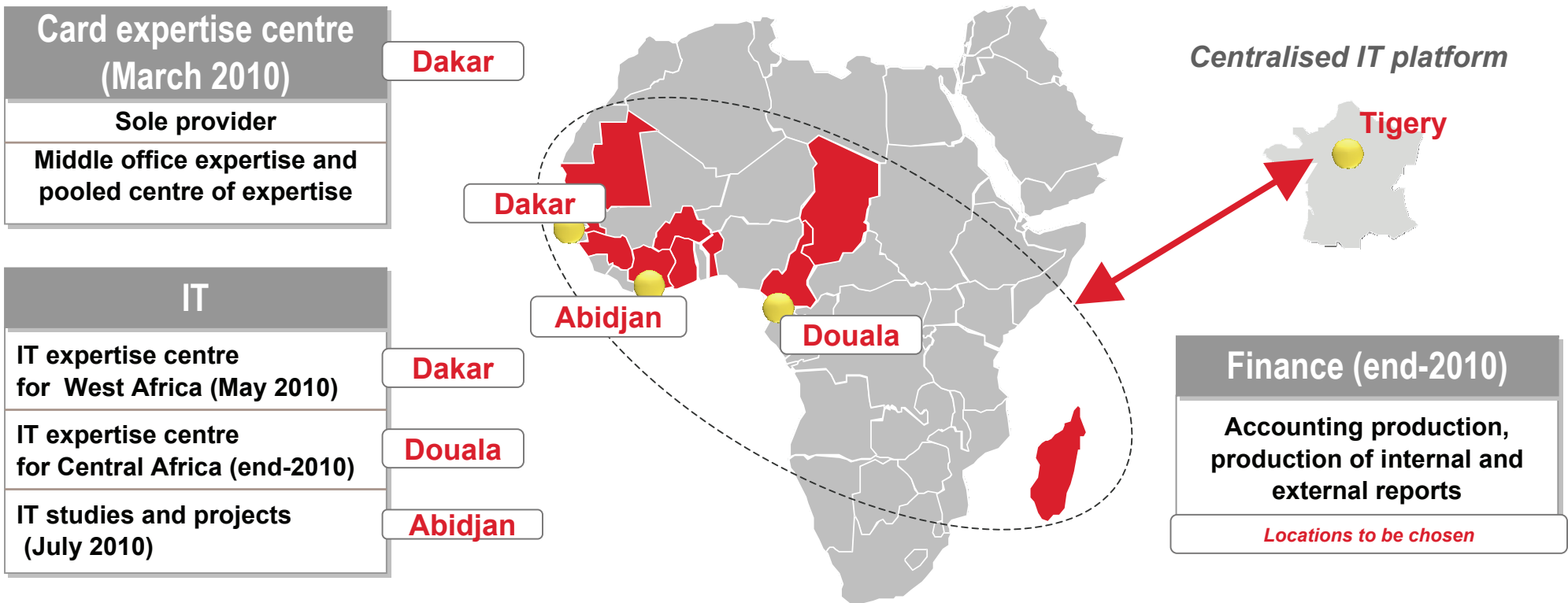
## Transformation of the operational model : a process launched several years ago



## Pool resources to support growth: The African example

### After IT centralisation 2010: three pooled operating centres in Africa

- Increase sales reactivity
- Reduce operational risk
- Improve the C/I ratio over time



➤ Approach replicated in the Balkans

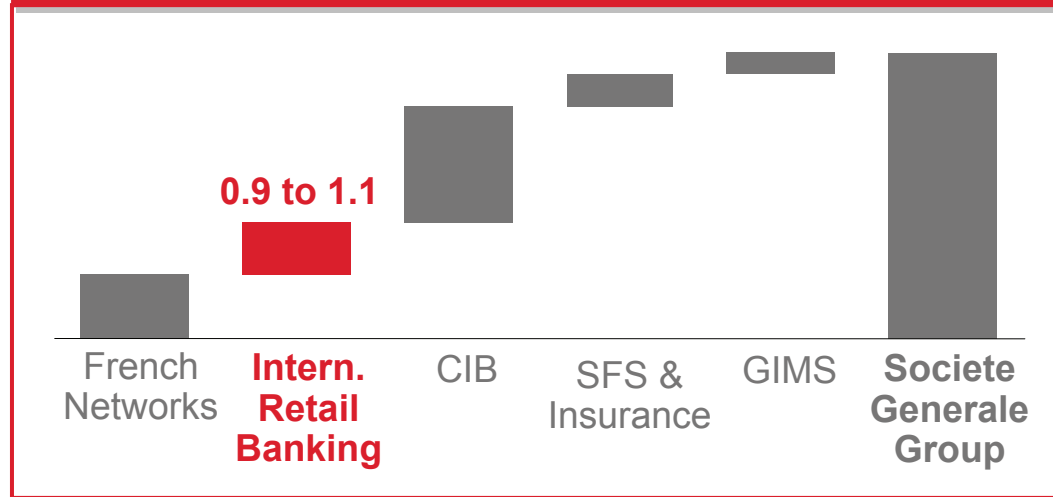
**Ambition  
SG 2015**

- **Russia within International Retail banking:  
≈ 15% of 2012 earnings, the largest contributor in 2015**
- **Top 3 in Central & Eastern Europe and Russia in 2015**
- **20 million clients in 2015**
- **Complete resources pooling projects**

**Targets for 2012**

- **Grow the client franchises  
+ 500 branches (≈ +15%)  
+ 4m clients (≈ +30%)**
- **NBI growth 2009-2012 ≈ 8%\***

**2012 Net Earnings Target (in EUR bn)**



\* CAGR 2009-2012

## Disclaimer

*This document contains a number of forecasts and comments relating to the targets and strategies of 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 and applied by the Group in its financial statements as at December 31, 2009, as well as the application of existing prudential regulations. As a result, there is a risk that these projections will not be met. Readers are therefore advised not to rely on these figures more than is justified as the Group's future results may be affected by a number of factors and may therefore differ from current estimates.*

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- the sources for the ranking are internal;*
- figures concerning French Networks are given excluding Société Marseillaise de Crédit.*



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