



15 June 2010

# INVESTORday 2010

**Deliver growth with lower risk**

**Frédéric Oudéa**  
*Chairman & CEO*

## Key takeaways

### Ambition SG 2015

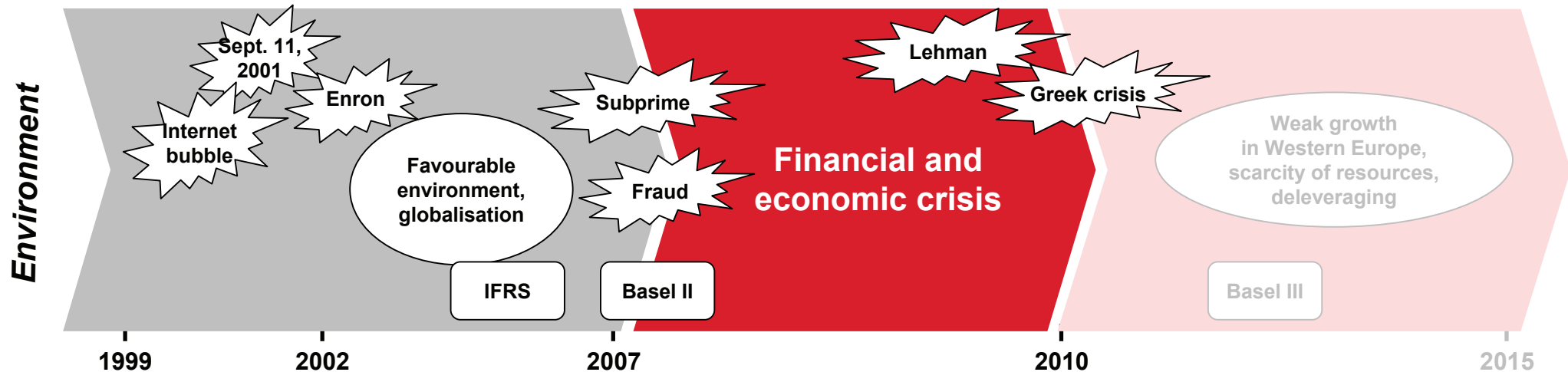
- **Enhance a client-oriented Universal Banking model refocused on 3 core pillars with strong potential**
  - ▶ Retail Banking in France
  - ▶ International Retail Banking
  - ▶ Corporate & Investment Banking
- **Complete the optimisation of the Group's portfolio of activities**
- **Maintain a strict risk management**
- **Transform of the operational model**

### Main financial targets

- **Group net earnings target around EUR 6bn in 2012**
- **C/I ratio below 60% in 2012**
- **After tax RoE  $\approx$  14-15% in 2012**
- **Core Tier 1 ratio above 8% by 2012 (Basel 2, proforma for CRD3)**



## SG in context: transforming itself in a new environment



Societe Generale

- Priority given to development (mostly external) in regions with growth potential
- Business lines managing their resources autonomously, sometimes at the expense of operational efficiency

- Crisis impacting Group P&L
- Improvement of corporate governance and risk control
- Resilience of main franchises
- Restructuring and first arbitrages in the portfolio of businesses

- Development mainly through organic growth
- Continued refocus on core activities and development of intra-Group synergies
- Transformation of the operational model



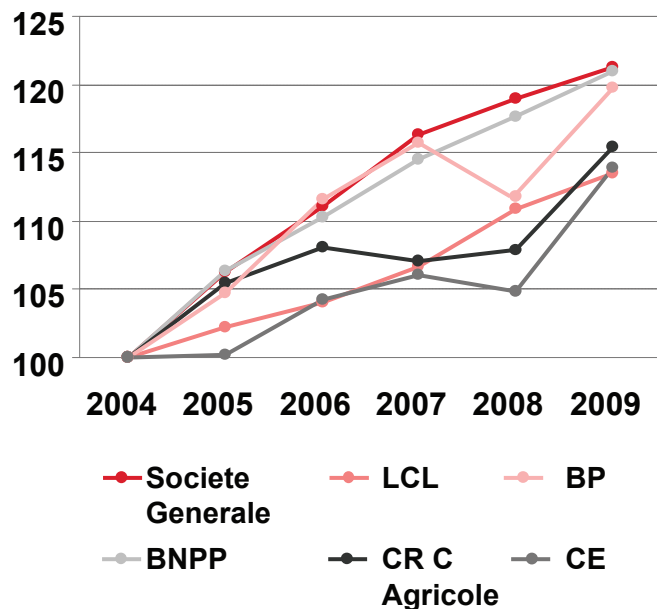
## Lessons from the crisis: a portfolio of robust businesses

**Solidity and growth of French Networks**

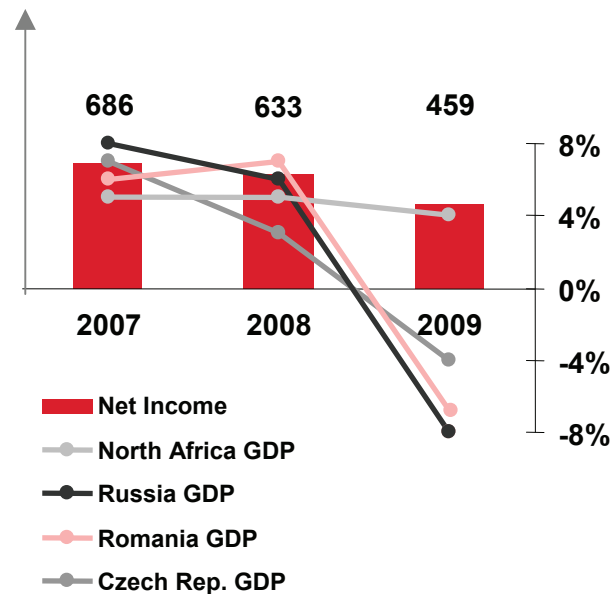
**Strong resilience of International Retail Banking**

**Competitive CIB, standing by its clients during the crisis**

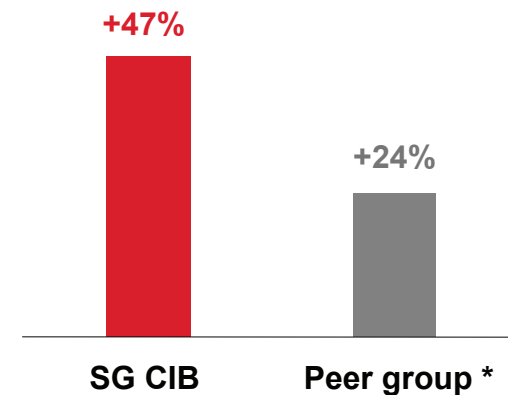
**NBI French Networks**  
(Source: Trapeza)



in EUR m



**NBI growth 2007-2009**  
(excl. impact of crisis)



\* 2009 peer group = 13 major CIB divisions incl. SG CIB – NBI restated for non-recurring items



## Lessons from the crisis: a necessary transformation, already under way

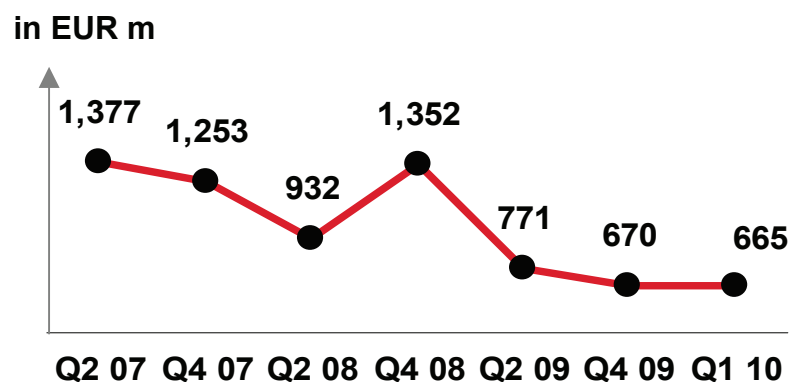
### Reducing risks

- ➔ Significant reduction in market risk
- ➔ Strengthening of the Risk Department
- ➔ Centralised management of legacy assets

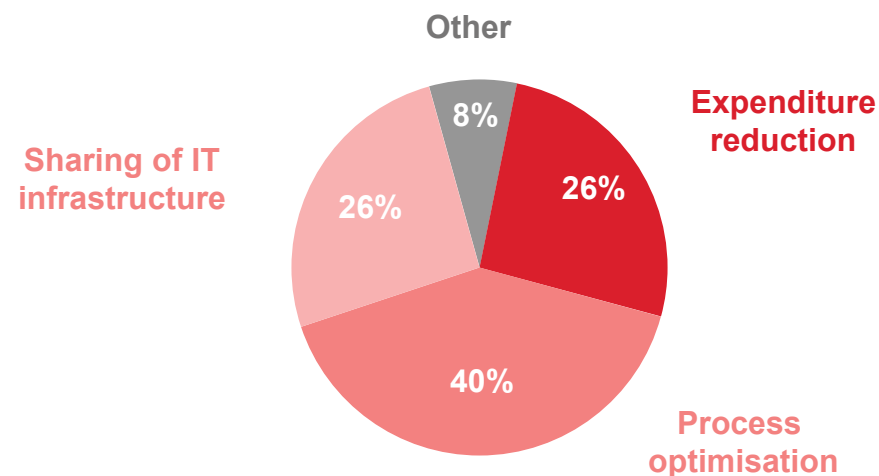
### First changes to the operational model

- ➔ Operating efficiency plan: first step in the Group's industrialisation
- ➔ GOI gain of EUR 1bn between 2007 and 2010

Group market stress tests



Gains by project





## Lessons from the crisis: agile management of the business portfolio

Anticipate consolidation to achieve critical mass



Enhance growth potential of 3 pillars activities



Active restructuring of peripheral activities

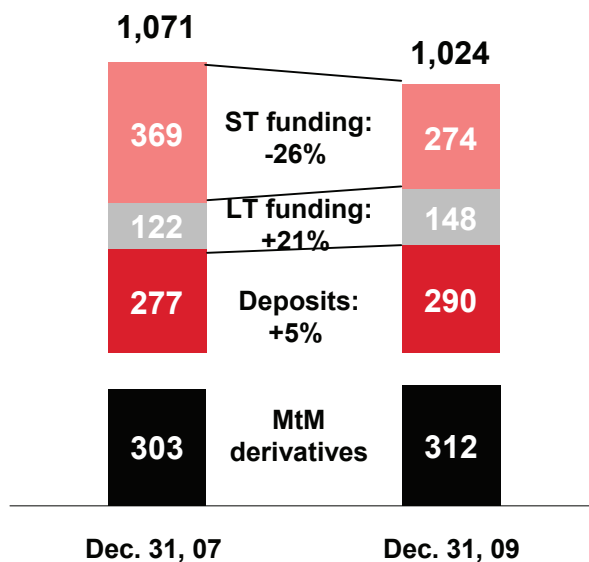


## Lessons from the crisis: strict management of scarcer resources

**Liquidity:  
scarcer and more expensive**

→ Rigorous and reinforced liquidity management since the start of the crisis

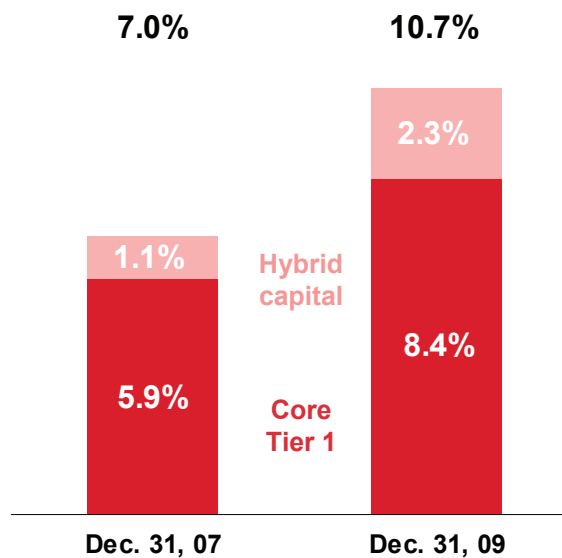
Total liabilities (in EUR bn)



**Capital ratio:  
higher requirements**

→ Reinforced financial structure

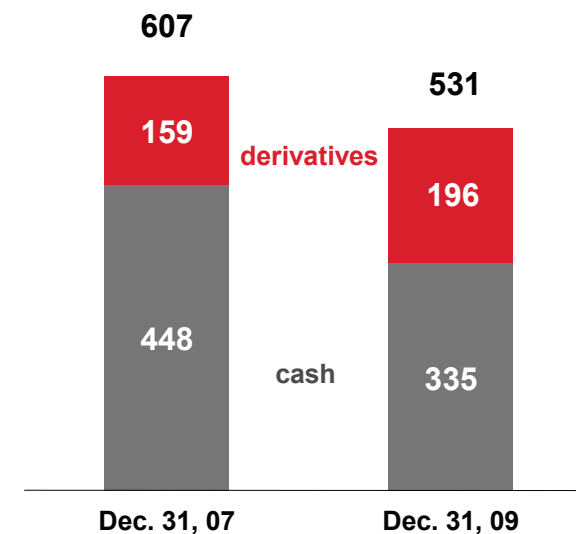
Solvency ratio (%)



**Balance sheet:  
lower use required**

→ Reduction in SG CIB balance sheet

SG CIB total assets (in EUR bn)



## Q2 to date

### ■ French Networks

- ▶ Continued strong commercial activity, full year guidance comforted

### ■ International Retail

- ▶ First signs of recovery in CEE & Russia, still positive trends in other geographies
- ▶ Revenues should be above the Q1 10 level

### ■ Corporate & Investment Banking

- ▶ Satisfactory results in Fixed Income and Financing and Advisory
- ▶ Mixed performance of the Equity division, consequence of reduced risk appetite in volatile market conditions
- ▶ Impact of legacy assets in line with the full year guidance

### ■ Specialised Financial Services & Insurance

- ▶ Weak production in Specialised Financial Services but resilient margin
- ▶ Good volumes in Insurance

### ■ Global Investment Management & Services

- ▶ Improvement of Revenues vs. Q1 despite a still unfavourable environment



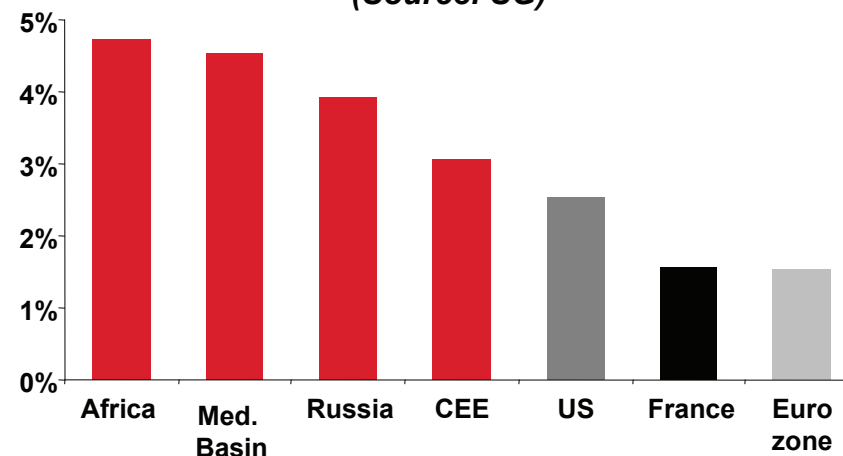


## 2010-2015 environment: constraints and uncertainty

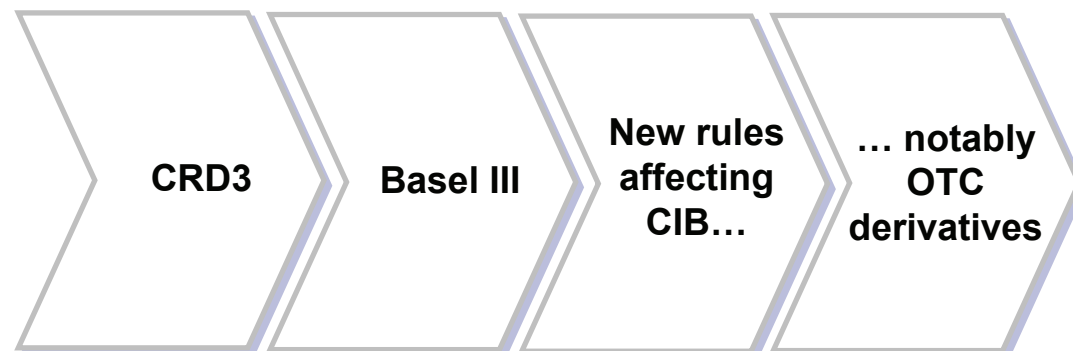
- **Different economic outlooks depending on geographic area**
- **Changes in Euro zone**
  - ▶ Stronger solidarity mechanisms
  - ▶ Concerted efforts to reduce public deficits
- **A toughened regulatory environment**
  - ▶ Europe and the United States: different rules?
  - ▶ Expected strengthening of capital and liquidity requirements
  - ▶ Active debate on crisis resolution mechanisms

**Annual GDP growth 2010-2015**

(Source: SG)

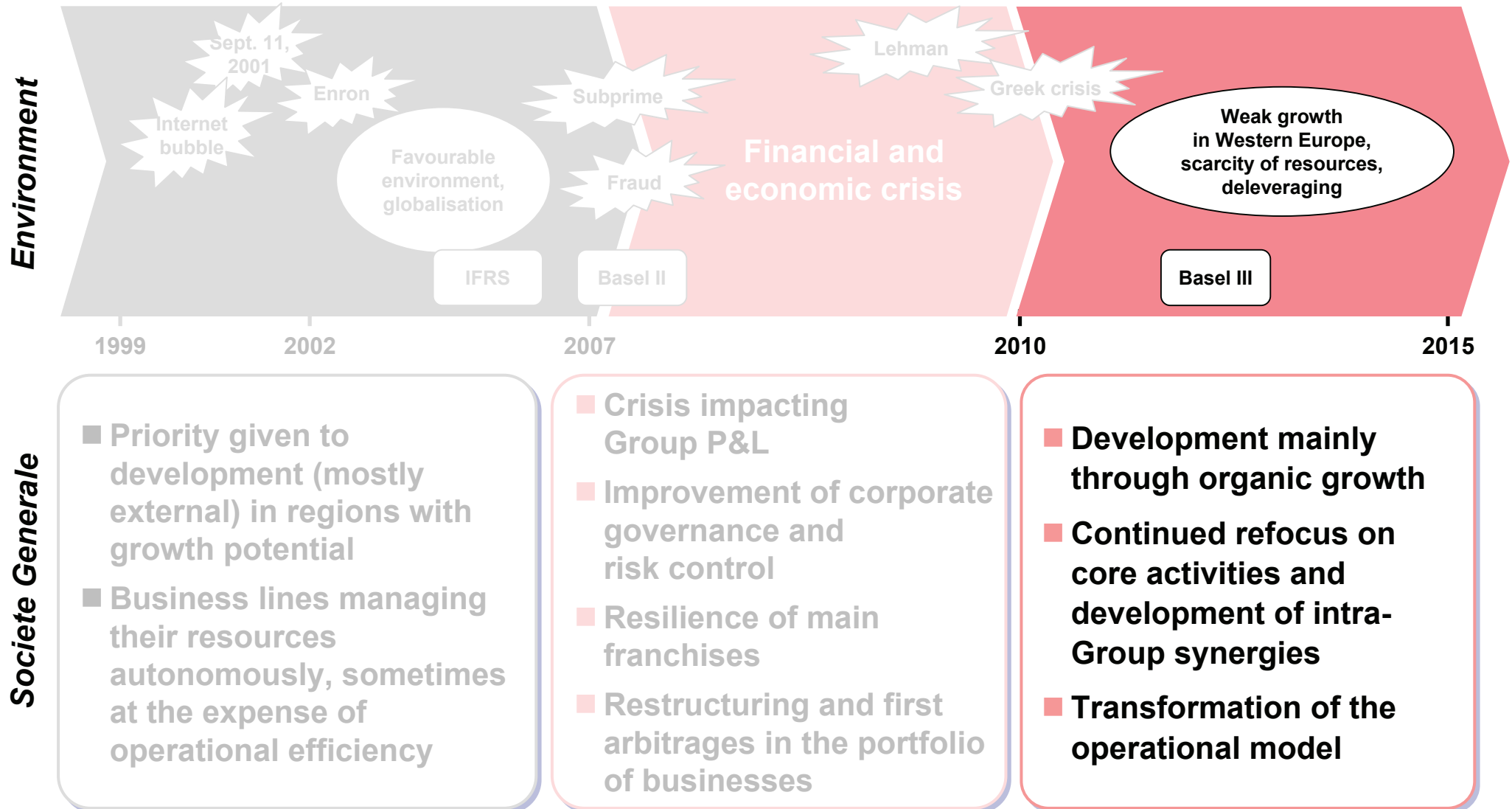


**Regulatory framework**





## SG in context: transforming itself in a new environment



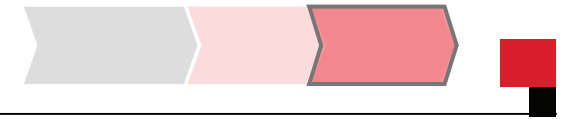


## Ambition SG 2015: a universal bank...

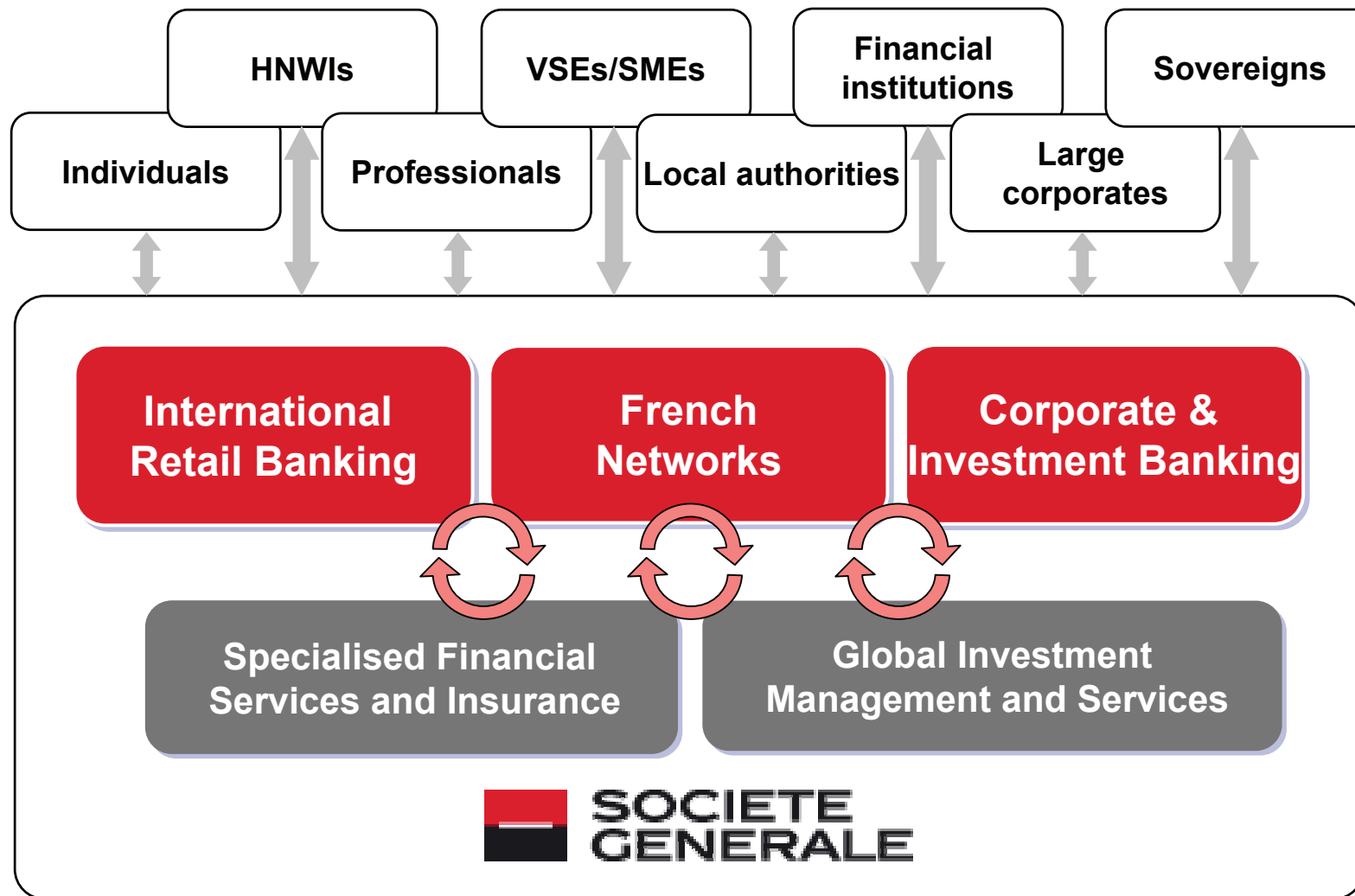
**A client driven model**  
serving clients over the long-term

**A diversified model**  
multi-business and multi-client

**A balanced model**  
combining financing solutions and asset gathering schemes



## ... refocused on 3 pillars and 2 businesses in synergy





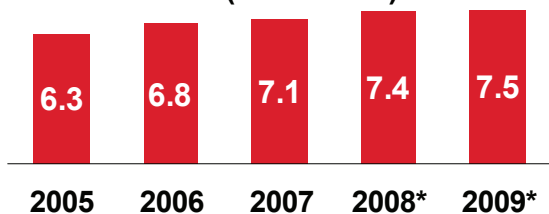
## Growth potential driven by a portfolio of promising businesses

### French Networks



- ▶ 3<sup>rd</sup> largest network in France
- ▶ Three complementary brands
- ▶ Positioned in growth regions

NBI (in EUR bn)

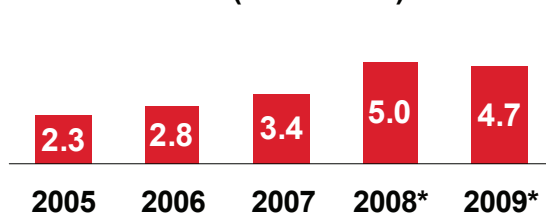


### International Retail Banking



- ▶ Largest privately-owned banking group in Russia
- ▶ 4<sup>th</sup> largest banking group in CEE-Russia
- ▶ Present in countries with positive fundamentals
- ▶ Considerable competitive advantages

NBI (in EUR bn)

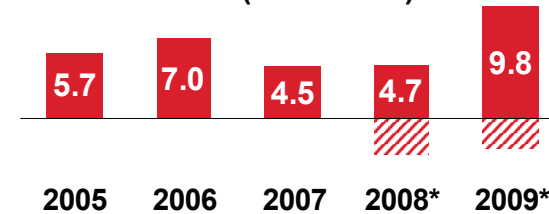


### Corporate & Investment Banking



- ▶ Leadership positions in growth businesses
- ▶ Solid client base to better cross-sell
- ▶ Broad product range to satisfy sizeable financing needs

NBI (in EUR bn)



\* Calculated on the basis of an allocated capital of 7% RWA

Legacy assets

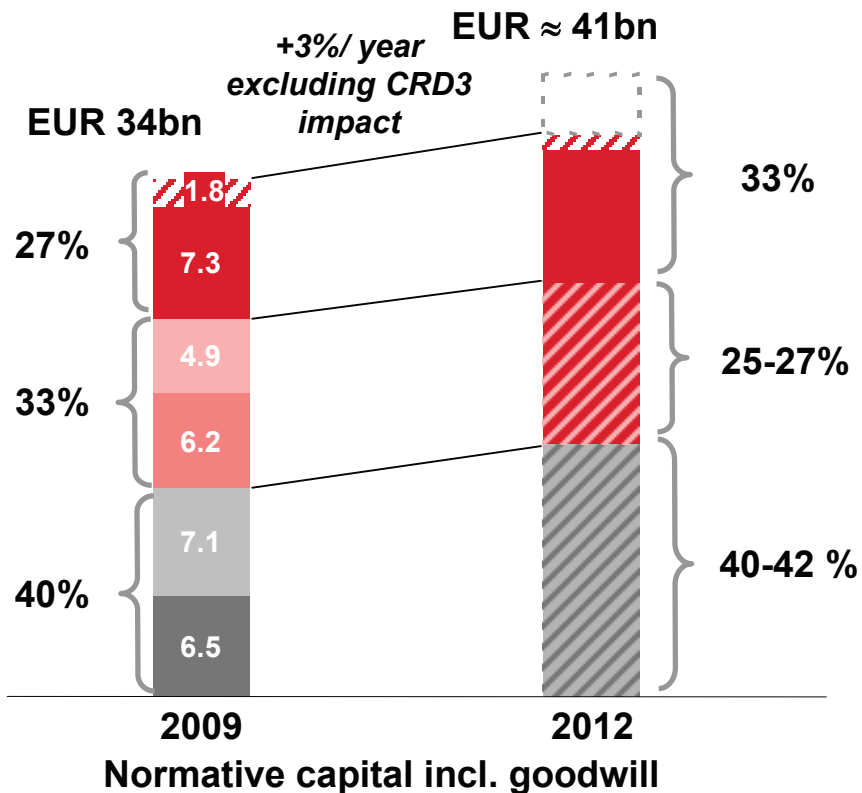


## Ambition SG 2015: deliver growth with lower risk



 **Solid foundations for long-term profitable growth**

## Balanced capital allocation



- 1/3 of capital to SG CIB including CRD3 impact
- Capital reallocation from businesses in synergy towards Retail Banking activities
- Potential external growth primarily funded by portfolio arbitrages

**Retail Banking**

- French Networks
- International Retail Banking

**Businesses in synergy**

- Global Investment Management and Services
- Specialised Financial Services and Insurance

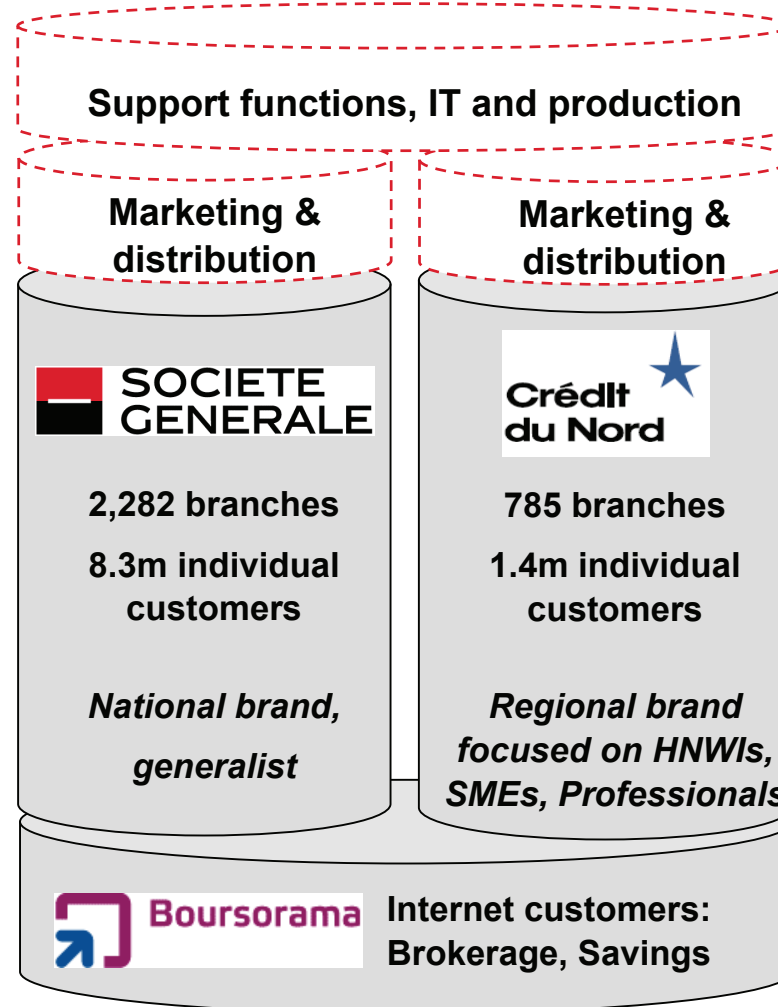
**SG CIB**

- Corporate & Investment Banking (excluding legacy assets)
- Legacy assets
- Regulatory impact (CRD3)

## Be the benchmark for customer satisfaction

- 3<sup>rd</sup> largest network in France with 3 complementary brands
- Maximise customer satisfaction for each brand
- Attract 2 million additional individual customers
- Gain 1% market share with business customers
- Improve operating efficiency, particularly through synergies between the 3 brands

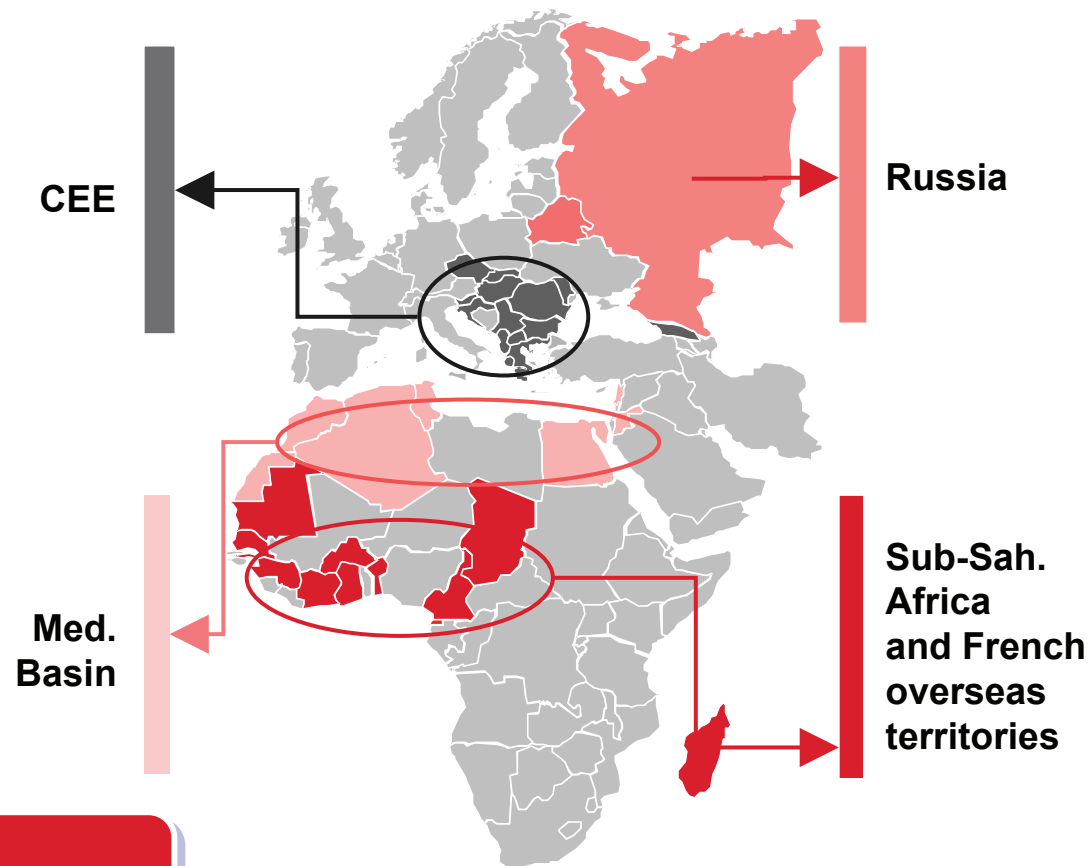
- NBI growth 2009-2012:  $\approx +3\%$  per year
- 2012 net earnings target: EUR 1.4-1.6bn





## Top 3 in CEE & Russia

- 20 million clients in 2015
- Create a leading player in Russia
- Intensify client relationships in the most mature entities
- Accelerate growth in areas with potential for higher banking penetration, and seize external growth opportunities
- Deliver growth through innovation
- Improve operational efficiency

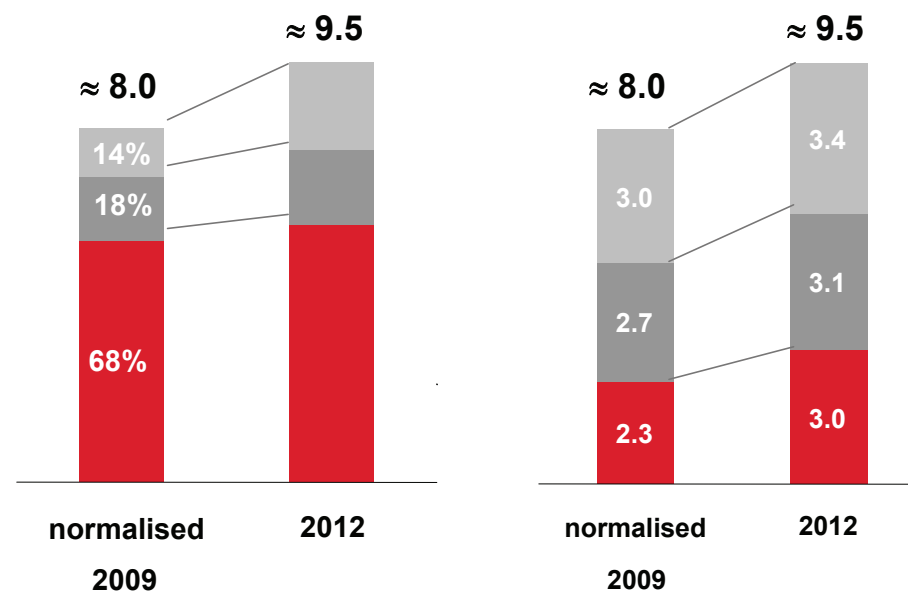


- NBI growth 2009-2012:  $\approx +8\%$  per year
- 2012 net earnings target: EUR 0.9-1.1 bn

## Top 5 position in Europe

- Expand the worldwide leadership position in equity derivatives and cross-asset structured products
- Develop structured financing by capitalising on high growth segments
- Leverage the solid European client franchise to further develop Fixed Income and Investment Banking
- Develop CIB activities in CEE & Russia, leveraging the Group's presence in those regions

SGCIB NBI 2009-2012



CEEMEA & Asia  
 Americas  
 Western Europe

Equities  
 Fixed income  
 Fin & advisory

- 2012 NBI: ≈ EUR 9.5bn
- 2012 net earnings target: EUR 2.3-2.8bn

## Consolidate leadership positions and keep on refocusing (1/2)

### Strengths

### Priorities

#### Insurance

- 4<sup>th</sup> largest “bancassurer” in France
- Foreign subsidiaries supporting most of International Retail Banking business

- Increase product range and distribution in French and International Retail Banking Networks

#### Business Finance

- Equipment Finance: leader in Europe
- ALD: No. 2 in Europe

- Maintain leadership positions
- Reinforce synergies with other businesses for corporate customers

#### Consumer Credit

- Solid positioning
- Key activity for development in emerging countries

- Continue network restructuring
- Adapt the business to the new regulatory environment

↘ 2012 net earnings target: EUR 0.7bn to EUR 0.9bn

## Consolidate leadership positions and keep on refocusing (2/2)

### Strengths

### Priorities

**Private  
Banking**

- Solid positioning, resilient business, liquidity provider
- Significant synergies with the Retail Banking Networks, SG CIB

**Newedge**

- 2<sup>nd</sup> largest US broker (Futures Commission Merchant rankings)

**SGSS**

- 2<sup>nd</sup> largest custodian in Europe and 6<sup>th</sup> largest worldwide
- One of the European leaders in fund administration

**Asset  
Management**

- TCW franchise stabilised & reinforced thanks to the MetWest acquisition
- Expertise in fundamental and alternative fixed income strategies

- Organic and/or targeted external growth

- Maintain leadership position
- Improve contribution to results

- Further improve operating efficiency
- Participate in sector consolidation

- Confirm competitive positioning
- Maximise value for the Group

↘ 2012 net earnings target: EUR 0.5bn to EUR 0.7bn

## Transform the operational model and maintain strict risk management

### Increase operating efficiency

#### **Retail Information System: Industrialisation and Pooling**

- ▶ France: one single information system by 2013
- ▶ International entities: convergence with the French systems for the largest entities.  
For smaller entities, regional hub in Africa and CEE

#### **CIB: implementation of Resolution**

### Maintain strict risk management

#### **Continue reduction in risk profile**

**Legacy assets: external credit analysis (BlackRock Solutions) confirms marks are overall appropriate**

## 2012 financial targets

### Average GDP growth 2009-2012

■ France:	1.6%
■ Euro Zone:	1.5%
■ Russia:	3.8%
■ CEE:	2.5%
■ USA:	2.6%

### SG targets

**Revenue CAGR 2009-2012** ≈ +4%\*

**C/I ratio 2012** <60%

**Group net earnings 2012** ≈ EUR 6bn

**After tax RoE 2012** ≈ 14-15%

**Core Tier One Ratio 2012** ≥ 8%\*\*

\* At constant exchange rates, excluding legacy assets, Asset Management (except TCW), MtM CDS and SG spread

\*\* Basel II, proforma CRD 3

## A renewed management team for a long-term ambition



**Frédéric OUDEA**  
Chairman and Chief Executive Officer



**Séverin CABANNES**  
Deputy Chief Executive Officer



**Jean-François SAMMARCELLI**  
Deputy Chief Executive Officer



**Bernardo SANCHEZ INCERA**  
Deputy Chief Executive Officer



**Michel PERETIE**  
Corporate and  
Investment Banking



**Jacques RIPOLL**  
GIMS



**Didier VALET**  
Finance



**Jean-Louis MATTEI**  
International Retail Banking



**Didier HAUGUEL**  
Specialised Financial  
Services & Insurance



**Benoît  
OTTENWAEALTER**  
Risks



**Françoise  
MERCADAL-DELASALLES**  
Resources



**Caroline  
GUILLAUMIN**  
Communication



**Anne  
MARION-BOUCHACOURT**  
Human Resources



**Patrick  
SUET**  
Corporate Secretary

## Agenda

### French Networks

Be the benchmark for customer satisfaction



J.F. Sammarcelli  
V. Taupin

### International Retail Banking

Top 3 in CEE & Russia



B. Sanchez Incera  
J.L. Mattei

### Corporate and Investment Banking

Top 5 in Europe



S. Cabannes  
M. Péretié

### Legacy assets

Risks under control



M. Péretié

### Risks / Operating model / Finance



B. Ottenwaelter  
F. Mercadal Delasalles  
D. Valet

### Concluding remarks



F. Oudéa



## 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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*Unless otherwise specified:*

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



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2010